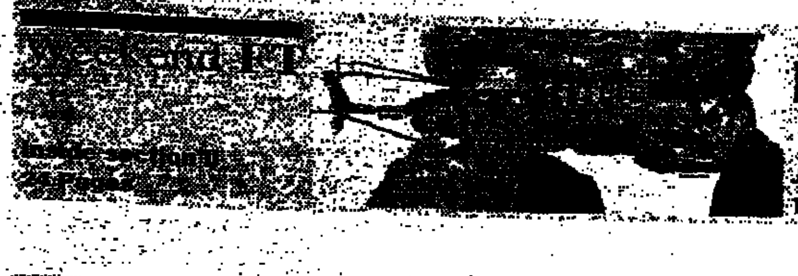
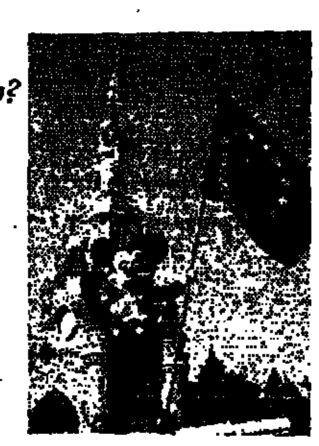


THE BIG LIE: Inside Maxwell's empire
Today and all next week, the FT exposes Robert Maxwell's fraud and deceit. Part 1: 'You'll just have to trust me'
Page I

Miranda[illegible] scandal lives on
Page XVI

Euro Disney *Success or flop? An inside report*
Page 5



FINANCIAL TIMES

Weekend June 13/June 14 1992 — EUROPE'S BUSINESS NEWSPAPER — D 8523A

Inflation steady at 4.3% but set to resume fall

The rate of inflation in the UK remained at 4.3 per cent last month, although the underlying trend remained on a downward path.
The core rate, which excludes mortgage interest payments, dipped to 5.3 per cent from 5.7 per cent in April. Economists said they expected the headline figure to fall later in the year. Page 4; Lex, Page 22

Two charged over police killing: Paul Patrick Magee and Michael O'Brien were charged with the murder of special constable Glenn Goodman and attempted murder of Pc Alexander Kelly in North Yorkshire.

BCCI payout approved: The High Court approved an Abu Dhabi-backed plan to pay compensation to people who lost money when the Bank of Credit and Commerce International collapsed. The deal will give creditors 30-40 per cent of their money. Page 3

Taylor Woodrow, one of Britain's biggest companies, warned that dividends would be reduced considerably this year because of lower-than-expected profits. Page 8; Lex, Page 22

Flaws in polls: An inquiry into the performance of opinion polls in the April election suggests the polls have systematically overstated Labour support and underestimated Tory strength for at least 30 years. Page 4

Serbs proclaim truce: The nationalist Serb leader in Bosnia-Hercegovina proclaimed a unilateral ceasefire to take effect on Monday. But fighting around Sarajevo intensified. Page 2

Scotland outlaws private wheel clamping

Private wheel clamping operations were outlawed in Scotland after Lord Justice General Lord Hope in the Justiciary Appeal Court in Edinburgh condemned the activity as "extortion and theft". Two employees of a private wheel clamping company were appealing against a ruling that they should face charges of extortion after clamping a car without permission in a private car park. Page 22

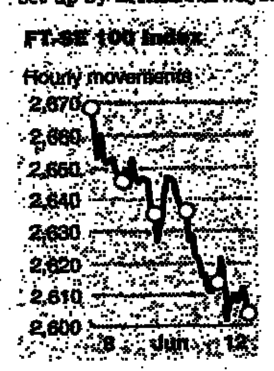
Spy case review: The case of Brian Nelson, an Ulster loyalist spy who was used by British Army intelligence, is to be reviewed by the Director of Public Prosecutions. Nelson was jailed for 10 years for plotting to murder Catholics.

Japan recovery hopes hit: Hopes for an early recovery of the Japanese economy were dashed when the Bank of Japan reported that business confidence in May had plunged to its lowest level in five years. Page 3

Standard Chartered, the UK-based international bank, said it was launching criminal proceedings in India to try to recover Rs9.04bn (£162m) from brokers and others it believes defrauded it through the securities market. Page 3; State Bank of India, Page 10

Lufthansa, the German national carrier, is in advanced negotiations with Aeroflot, the Russian airline, to form a joint airline venture based in Moscow in competition with a rival project being set up by British Airways. Page 10

FT-SE 100 Index
Hourly movements



Equities: Growing uncertainty over the UK's economic recovery and a spate of gloomy company forecasts pushed the market lower. The FT-SE 100 index finished at 2,603.7, down 10.4 on the day and 64.8 on the week. The index has fallen 134.1 since its post-election peak a month ago. Page 13; Weekend Section, Page II

Italy cigarette ban: Italy imposed a ban on the sale of Kent cigarettes, made by BAT Industries of Britain, for 30 days under anti-smuggling laws. The aim is to make cigarette makers keep tighter control of the distribution of their products.

Dutch win 1-0: A late goal by Dennis Bergkamp gave defending champions Netherlands a 1-0 win over Scotland in the opening Group Two game of the European Football Championship.

STOCK MARKET INDICES		
FT-SE 100:	2,603.7	(-10.4)
Yield	4.71	
FT-SE Eurotrack 100	1,167.48	(+4.96)
FT-A All-Share	1,268.62	(-0.6%)
Nikkei	17,363.88	(-325.37)
New York: lunchtime		
Dow Jones Ind Ave	3,371.21	(+19.70)
S&P Composite	411.72	(+2.67)
US LUNCHTIME RATES		
Federal Funds:	3 7/8%	
3-mo Treas Bills: Yld	3.724%	
Long Bond	101 7/8	
Yield	7.83%	
LONDON MONEY		
3-mo Interbank	10 1/16%	(10%)
Liffe long gilt future:	Sep 98 1/16	(Sep 98 1/32)
NORTH SEA OIL (Argus)		
Brent 15-day (Aug)	$20.925	(21.25)
Gold		
New York Comex (June)	$342.9	(340.5)
London	$339.85	(338.35)

STERLING		
New York lunchtime:		
$	1.849	
London:		
$	1.852	(1.846)
DM	2.92	(2.915)
FFr	9.84	(9.82)
SFr	2.64	(same)
Y	234.5	(234)
£ Index	92.8	(92.7)
DOLLAR		
New York lunchtime:		
DM	1.578	
FFr	5.315	
SFr	1.429	
Y	126.65	
London:		
DM	1.577	(1.5785)
FFr	5.3125	(5.32)
SFr	1.426	(1.4305)
Y	126.65	(126.7)
$ Index	62.3	(62.4)
Tokyo close Y 126.67		

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Fisons shares drop 29% on profits warning

By Paul Abrahams

FISONS, the British pharmaceuticals and scientific equipment group, yesterday surprised the City by warning that its interim profits were likely to be less than half the £95.2m figure achieved in the first six months of 1991. The company's shares fell by 29 per cent, closing 100p lower at 245p, at which the company is valued at £1.69bn.

Mr Patrick Egan, group chairman, said continuing difficulties in the pharmaceuticals division were mainly to blame for the "very disappointing" first-half results. However, turnover at the scientific instruments division would also be lower than last year because of the recession.

City analysts, stung by the unexpected announcement, said it raised doubts about Fisons' future. Most believe, however, that the shares would have to fall further for a takeover bid. Mr Egan has ruled out a merger with a larger group.

He took over in January when Mr John Kerridge retired as executive chairman after coming under pressure from institutional shareholders.

Fisons's pharmaceuticals operations have been troubled since 1989 when the US Food and Drug Administration asked for Opticrom, an eye treatment, to be withdrawn because of problems with quality standards. In 1990, Imferon, a blood product, was withdrawn for similar reasons.

Before it was withdrawn, Opticrom had annual sales of about $40m.

Mr Cedric Scroggs, chief executive, said yesterday the loss of sales and additional costs associated with upgrading Opticrom's manufacturing facilities would significantly affect the results. In addition, the attention paid to Opticrom and a desire not to market drugs with quality deficiencies had meant sales of other products had suffered.

Analysts said Fisons told them yesterday it would make about £35m during the first six months.

The pharmaceutical division would make operating profits of £17m for the first half compared with £68m; the scientific equipment division would make £18m (£27m); and horticultural products would make £5m (£4.4m). Interest and other charges would amount to £5m. Such results would be dependent upon economic upturn the analysts said.

The company's profit shortfall would not affect its planned disposal of the horticultural and consumer health businesses, Mr Scroggs said. Fisons remained financially strong and there was no need for fire-sales. The businesses have been estimated to be worth between £300m and £400m.

The company's strategy of looking for co-marketing partners remained in place, Mr Scroggs said. The company was particularly looking for a partner in the US.

London stocks, Page 13
Lex, Page 2

Heads of state fail to match pledges with financial commitments at Earth Summit

World leaders back global clean-up

By David Lascelles and Christina Lamb in Rio de Janeiro

DOZENS OF world leaders pledged their political backing yesterday for a global action plan to clean up the environment.

But they hung back from making the heavy financial commitments which the Earth Summit organisers said were needed to make it work.

As 117 heads of state and government gathered in the vast Riocentro to endorse a series of accords to put the world economy on a more sustainable path, their ministers were engaged in hectic last-minute negotiations to finalise agreements, including one to conserve the world's forests.

President George Bush challenged other nations to draft specific plans to implement the Earth Summit's global warming treaty and called for a global meeting on the issue before January. He said: "We must leave this earth in better condition than we found it."

The two-day heads of state gathering, the largest of its kind, marks the end of the two-week summit which was supposed to put the environment at the top of the political agenda.

Page 22
■ Leaders full of hope after the Rio roadshow

But all the accords which are due to be agreed fall short of their original aims, although many political leaders stressed yesterday that Rio must mark a beginning not an end.

The summit opened amid expectations that industrial countries would pledge money to aid the poor south improve its environment, an issue which dominated the debate. But the rich countries made modest commitments, laying most of their stress on non-financial initiatives.

The first leader of these countries to speak was Mr John Major, the UK prime minister. He said he would support an enlargement of the Global Environment Facility, (GEF), the fund administered jointly by the UN and the World Bank to help the Third World, from its present level of $1.3bn (£710m) to between $2bn and $3bn.

This would imply an increase in the UK's contribution from £40m to about £100m. However, the UK had already announced that it would support an enlarged GEF. Although Mr Major said the UK would support other new aid initiatives, he declined to put any figures on them because the UK's next spending round had not been agreed.

Invoking the UK's strengths in scientific research, Mr Major also announced a "Darwin initiative" to support studies of world species and habitats.

He said the UK would also hold a Global Technology Partnership conference early next year to improve access by developing countries to the UK's environmental technology.

Mr Helmut Kohl, the German chancellor, said Germany would support a GEF of just over $4bn. But he pleaded the heavy cost of cleaning up east Germany for not making more general pledges of aid.

With the exception of a handful of smaller European countries, all the industrial nations are resisting pressure from the Third World to pledge 0.7 per cent of their GNP to aid by the year 2000.

Mr Kohl only said Germany would do this "as soon as possible" - the form of words favoured by most industrial nations.

Mr Anibal Cavaco Silva, the

Continued on Page 22

President Bush: "We must leave this earth in better condition than we found it"

Maxwell banks did not discuss concerns

By Robert Peston and Bronwen Maddox

ABOUT 20 banks became concerned at the behaviour of the Maxwell businesses last summer, when Maxwell Communication Corporation made late payments to them, a Financial Times investigation has discovered.

Yet although some banks became alarmed several months before Robert Maxwell's death at the implications for the financial health of his empire, they did not discuss their concerns with each other or with authorities such as the Bank of England.

Mr Basil Brookes, MCC's former finance director, has described his shock to the FT at discovering last August that MCC had failed to settle foreign currency transactions with about 20 banks on time.

Starting around July 4 1991, MCC's treasury, under the authority of Robert Maxwell and his son, Kevin, had begun to buy and sell enormous amounts of foreign currencies. In these "spot" transactions, MCC would buy a currency in one financial centre promising to make payment in another centre.On a number of occasions, MCC received the currency, but did not make the corresponding payment – thereby giving itself an unauthorised loan.

Mr Brookes says about 20 banks, including Lloyds, Bank of America, Goldman Sachs and Swiss Banking Corporation, were involved in the flurry of foreign exchange deals.

At least $100m (£55m) in unapproved credit is thought to have been raised this way. A former Maxwell employee said some appears to have been channelled into private Maxwell businesses.

It also emerged yesterday that National Westminster Bank, the biggest lender to the Maxwell private companies, felt badly let down by Robert Maxwell because he failed to deliver funds on time at the end of July. At a meeting between Robert Maxwell and Mr John Melbourn, a NatWest director, on July 10, NatWest refused Mr Maxwell's request for a new loan of £45m and made clear that it intended to reduce its exposure to the Maxwell empire.

NatWest was extremely upset three weeks later when it provided some funds – less than £100m – to the Maxwell empire on the understanding that it would be repaid the same day, and then found that repayment was not made.

NatWest was forced to convert this "intra-day" transaction into a short-term loan, which was eventually repaid. The bank told both Robert Maxwell and Mr Kevin Maxwell that it was concerned that repayment had not been made, but it did not discuss the problem with other banks or with the Bank of England.

Instead, NatWest continued to press on with its policy of reducing the size of its loans to the Maxwell businesses. NatWest's loans to the Maxwell empire now total £182m, half the level of two years ago.

Later last year, Robert Maxwell made many repayments to banks by looting pension fund assets and also carrying out unusual fund-raising exercises with US investment banks, from which tens of millions of dollars were borrowed at a high price.

'Trust me', Weekend I
Pensions, Weekend IV

Life peerage for Archer in latest honours lists

By Alison Smith

BEST SELLING author and former Conservative MP Mr Jeffrey Archer becomes a life peer in today's honours lists, in which political nominations for working peerages coincide with the conventional Queen's birthday honours.

Mr Andrew Lloyd Webber, who arranged the Tories' election campaign theme and threatened to leave the UK if Labour won, is among the 33 knights on the birthday honours list, for services to the arts.

Industrialists honoured include two from the "beerage" – Mr Alick Rankin, chairman of Scottish and Newcastle, and Mr Anthony Tennant, chairman of Guinness. Mr Alan Cockshaw, chairman of AMEC; Mr Desmond Pitcher, chief executive of Littlewoods; Mr Colin Southgate, chairman of Thorn EMI; and Mr Roy Watts, chairman of Thames Water, also become knights.

Mr Archer joins four Tory MPs who stood down at the last election on the working peers list, together with four Labour nominees, including Mr John Eatwell, economic adviser to Mr Neil Kinnock, and Professor Raymond Plant, who chaired Labour's commission on electoral reform.

Mr Victor Cooke becomes the first Ulster Unionist working peer: the Liberal Democrats were not offered a place on the list.

Working peers are nominated on the basis that they will attend the House of Lords regularly.

Continued on Page 22
Queen's birthday honours, Page 9

CONTENTS

Austria Sch30; Bahrain Din1.000; Bermuda $1.65; Belgium BFr60; China FEC 12; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$16; Hungary Ft162; Iceland IKR180; India Rup20;Indonesia Rp3,600; Israel NS&.50; Italy L2500; Japan Y500; Jordan JD1.20; Korea Won 2500; Kuwait Fils.500; Lebanon US$1.25; Luxembourg LFr60; Malaysia Rin4.00; Malta Lm0.50; Morocco Dh11.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.20; Pakistan Rs35; Philippines Pso 45; Poland Zl 16000; Portugal Esc190; Qatar QR10.00; S.Arabia Rls9.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup38; Sweden SKr14.00; Switzerland SFr3.00;Taiwan NT$85; Thailand Bht50; Tunisia Din1.000; Turkey L6000; UAE Dh8.00; USA $1.25. (Alaska & Hawaii $1.75)

Bundesbank warned on 'abuse' of borrowing powers

By Christopher Parkes in Bonn

THE Bundesbank's chief economist yesterday warned the German government against "abuse" of its public borrowing powers.

Mr Otmar Issing said it already faced an interest repayments crunch in the mid-1990s,and if it did not *bring debt under control, future* living standards would suffer.

Tax increases or cuts in social services would become unavoidable, the central bank official claimed.

Total public debt, currently around 45 per cent of gross national product (GNP), would increase to at least 50 per cent by the end of 1996, he predicted.

Other factors, such as the state railway's borrowings and those of the former east German authorities, could add another 4 per cent to the total burden.

Interest charges would then account for up to 17 per cent *of the federal budget. Mr Issing told* a taxpayers' association meeting in Kiel.

Continuing a long-running Bundesbank campaign to squash popular notions that the costs of unification should have no effect on west German pay packets and living standards, he said there was no real alternative to borrowing to support the east.

But increasing debt to maintain services in the west would lead the country into a "vicious circle".

The government, committed to an effective spending freeze, had no *more room for financial manoeuvre*, and there was no chance of squeezing out extra funds from tax increases at present.

At 41 per cent of gross earnings, the overall burden of tax and social security contributions was already at record levels.

Experience in the early 1980s had shown that attempts to raise funds by increasing taxation would not work.

In an indirect attack on government plans to levy charges to pay for care of the elderly, Mr Issing said: "We must leave the old ways of social policy and recon*cile what is desirable with what is* necessary."

Social services spending, already under pressure in Bonn – where the health minister recently proposed savings of up to DM11bn (£3.7bn) a year – will come under increasing scrutiny in future.

At present, one-third of the population is over 60, the average pensionable age. Within 20 years the proportion will rise to 50 per cent, he added.

State borrowing in order to fund *public benefits and services gave* the impression that they were free.

"And here we find the often too-powerful temptation which leads democratic systems to abuse public borrowing," Mr Issing said.

Meanwhile, the Bundesbank remains concerned at the increase in private credit.

Mr Helmut Schlesinger, president of the central bank, *said in Bonn on* Thursday that recent money supply growth of 8 to 9 per cent had "*heavily overstepped* our targets" of a 5.5 per cent maximum.

There were some positive aspects, including borrowing to invest in industry, but the trend undermined the effectiveness of the central bank's controls.

This year's average 5.5 per cent round of pay increases and inflation at around 4.5 per cent were also discouraging, he said.

There was no scope for a reduction in key interest rates "in the near future", he added.

Serbs' leader announces Sarajevo truce

By Judy Dempsey in Belgrade

MR Radovan Karadzic, whose Serb irregulars have bombarded and besieged the Bosnian capital of Sarajevo for more *than two months*, yesterday announced a unilateral ceasefire starting on Monday.

The statement made by Mr Karadzic in Belgrade, the Serbian capital, was cautiously *welcomed by United Nations* officials and the European Community, which said it would resume the peace talks in Bosnia once the UN gained control of Sarajevo airport.

Lord Carrington, chairman of the EC-sponsored peace conference on Yugoslavia, yesterday said he and Mr Jose Cutileiro, the EC negotiator, would travel to Sarajevo in a new effort to restart the talks about "the future constitutional arrangements of Bosnia-Hercegovina".

Placing Sarajevo airport under UN control could pave the way for sending relief supplies into the city, whose 300,000 inhabitants are on the verge of starvation.

However, UN officials said it would be difficult to demilitarise the areas around the air*port held by Serb irregulars.*

Despite the ceasefire announcement, western diplo*mats yesterday said the Serb* irregulars might use it as a pretext for bombarding the city over the next 72 hours.

"We don't know if we can believe Karadzic, or General Ratko Mladic [commander of *Serbia' proxy* army in Bosnia] any more," a western diplomat said. "They have raised our *hopes so many times in the* past. Who knows if they are serious about a ceasefire this *time? Who knows how much* more of Sarajevo will be destroyed over this coming weekend?"

In Sarajevo, UN officials said there was a lull in the fighting, but Croatian forces, organised by Croatia, were continuing to burn Serb villages in Hercegovina, in the west of the republic, in order to join this region with Croatia.

Meanwhile in Belgrade, intimidation of the foreign press, coupled with an increasing climate of lawlessness, is increasing since the UN sanctions were imposed two weeks ago. Yesterday, Ms Dessa Trevisan, The Times correspondent, was shot while walking from her home to the state-run *international press centre.*

Although she was not seriously injured, Ms Trevisan and *other foreign correspondents* have received numerous death threats and have had their car *tyres slashed.*

A man is overcome as he watches the burial of his son, a reserve militiaman, in a Sarajevo cemetery yesterday, where sporadic shelling continues

Hard line on calling in German receivers

By Leslie Colitt in Berlin

TELEKOM, the lumbering telecommunications arm of the giant Deutsche Bundespost, is patting itself on the head this month after re-uniting the *severed telephone systems of* east and west Berlin.

It is also in the process of installing 112,000 new phones in east Berlin by the end of this year. Some easterners had waited for 30 years and more for a telephone. Small wonder that the former East Germany's fossilised Deutsche Post was relegated to the scrap heap last year.

However, my own urgent request to Telekom for two telephones to be installed in the east Berlin office-to-be of the *Financial Times* was nearly five months old when I aborted it this month.

It began optimistically enough. The pleasant Telekom lady in charge of the press *department* in west Berlin said the telephones would be connected to the most up-to-date new digital exchange in east Berlin, she promised.

With visions of care-free dialling I filled out the required form in triplicate on January 17. As of last week the copy of the form still lay on my desk, yellowed and brittle. But no telephones.

It was after a holiday in May that I found the first written advice from Telekom, a form letter saying that "unfortunately your urgently requested telephone cannot be immediately installed".

The following day I was nearly floored when I opened the door to the still-empty east Berlin office after an absence of weeks. Perched on the window sills were brand-new tele*phones in both rooms. I mar*velled at the steady dial-tone and incoherent with excitement called *my home in* west Berlin.

I rushed downstairs to speak *to the manager* of the building. Yes, she explained, the phones were installed several weeks after she had applied for them last January. What accounted for Telekom's remarkably swift installation? I asked,

With a knowing smile she said she had personally handed in her application to a long-time acquaintance from the old Deutsche Post who was now happily at work for Telekom.

Pacifists delay Swiss jet order

By Ian Rodger in Zurich

THE Swiss government, bowing to pressure from a pacifist pressure group, is set to postpone a controversial \$2.45bn (£1.3bn) order of 34 McDonnell Douglas F/A-18 Hornet fighter aircraft until a national referendum can be held on the issue next year.

The decision is a radical departure from the traditional process for approving military purchases, and reflects an increasing paralysis in Switzerland's much praised system of government.

It has been customary for military matters to be decided *by the Defence Department.*

There has been growing public unease over the plan to buy *the highly sophisticated and* expensive F/A-18s at a time when external threats seem to have disappeared and the economy is in deep recession.

A pacifist movement launched a petition to force the government to hold a referendum on the issue. To the surprise of many, the Group for an Army-Free Switzerland (GSA) needed only 12 days to gather the 100,000 voters' signatures needed.

Unnerved by the apparent scale of public opposition, the cabinet proposed delaying the order and the lower house of the federal parliament agreed *yesterday by a narrow 103-84* margin after an unusually animated three-day debate.

The question must now be referred back to the more conservative upper house, which voted in early April to place the order immediately.

Lisbon meeting on immigration and crime seen as a success

Ministers laud co-operation in EC

By Andrew Hill in Lisbon

EC interior ministers yesterday praised the efficiency of direct co-operation between member states, delivering a veiled criticism of the bureaucratic and legalistic processes of the European Commission and Court of Justice.

Mr Kenneth Clarke, the British home secretary, said that in the light of the Danish vote against the Maastricht treaty last week, he had been "very encouraged" by the atmosphere of the two-day meeting in Lisbon, which discussed co-operation on immigration policy and crime-fighting.

"No one sought to impose solutions on an unwilling government, nobody placed too much emphasis on bureaucracy, everybody *concentrated* on the principal objectives which make this work *so important*," he said after the meeting had ended.

Mr Hirsch Ballin, the Dutch justice minister, said he thought there was "a common feeling among the 12 that we should intensify our co-operation" in the area of immigration and judicial policy.

They form one of two "pillars" of the Maastricht agreement – the other being foreign and defence policy – in which the influence of the Commission and Court of Justice would be limited or non-existent.

Some form of inter-governmental co-operation in these areas would almost certainly survive, even if the Maastricht agreement collapsed. Mr Clarke said: "I believe this third pillar of Maastricht is going to be a success."

During yesterday's meeting, ministers agreed that a German-led project team should be set up in Strasbourg with a view to establishing "Europol" – a European police organisation – by the end of the year.

EC leaders will be asked to decide on the location of Europol's headquarters at the Lis*bon summit in two weeks'* time.

The summit may also have *to resolve the question of Gib*raltar's treatment in the long-awaited convention on strengthening the EC's external frontiers, which is being held up by the UK-Spanish dispute over the colony.

BANGEMANN WANTS TREATY CHANGE

MR Martin Bangemann, the European Commission vice-president with responsi*bility* for the internal market and industrial affairs, yesterday proposed that amendments to the *Treaty of Rome* should be approved by a qualified majority of EC member *states rather than* by a unanimous vote, writes Paul Betts from Berlin.

***He told* a Financial Times conference in Berlin that it would be undemocratic to give up the Maastricht treaty just because of a rejection by one member state.**

The EC would be in an impossible position if it was eventually enlarged to incorporate 24 states and yet only *one of these could block any* widely agreed amendment.

He proposed the introduc*tion of a rule* to enable approval of Treaty of Rome amendments by a qualified majority of two-thirds of member states. Meanwhile, he said, the Maastricht ratification process should continue.

Italian minister under investigation

By Robert Graham in Rome

MR Gianni Prandini, the outgoing Christian Democrat minister of public works, has been served notice by Rome magistrates that he is being investigated for alleged abuse of public office over road contracts in Calabria.

He is the second minister in the outgoing Andreotti government to be under investigation for corruption. Mr Carlo Tognoli, the socialist minister of tourism, was served notice by magistrates seven weeks ago *as part of the Milan municipal* corruption scandal.

Mr Prandini's case is unre*lated to the three-month-old* Milan corruption scandal, but it comes at a time of unprecedented public pressure to clean up public life. In Milan, over 40 prominent businessmen and politicians are accused of involvement in a sophisticated network of rigged contracts and political party pay-offs.

The money was allegedly used for illegal funding of the parties represented on the municipal administration and split according to their percentage of the vote.

Seven members of parliament are being investigated over the Milan affair. The latest is Mr Luigi Baruffi, one of the main national *organisers of* the Christian Democrat party and linked to Mr Giulio Andreotti, the premier. Mr Baruffi received notice from magistrates on Thursday but denied any wrong-doing.

On Wednesday Mr Lamberto Mancini, the leading Social Democrat *representative on* the Rome regional council, was arrested while allegedly taking a L28m (£12,700) commission.

Both sides claim ice cream victory

By Guy de Jonquières

UNILEVER, the Anglo-Dutch consumer products group, and Mars, the US-owned food manufacturer, both claimed victory yesterday in the latest round of their legal battle over the European ice cream market.

In a two-part decision, the European Court of Justice confirmed an earlier decision lifting a European Commission order which suspended until the end of the year exclusive *sales* agreements between German retailers, Unilever and Schöller Lebensmittel, another *ice cream maker.*

However, the court also ruled that Mars could place ice cream freezers *in about 18,000* German petrol stations, regardless of any exclusive agreements tying the stations to Langnese-Iglo, Unilever's German ice cream subsidiary, and Schöller.

As well as contesting the German retail agreements, Mars has also complained to Brussels that the two other companies' exclusive control of freezer cabinets restricted competition.

The next cold war, Page 7

Madrid may have to raise taxes as deficits grow

By Peter Bruce in Madrid

THE Spanish government, alarmed at the rapid growth of its budget and current account deficits, has warned it may be *forced* to raise withholding taxes on incomes just a few months after lowering them.

The warnings coincided with the publication yesterday of May inflation figures showing a 0.3 per cent rise in the consumer price index, which held year-on-year inflation to 6.5 per cent for the second month in a row. Although the May figures confirm a slowing in price rises, the government had been hoping for an even lower increase.

The Madrid stock market lost ground on the news and the Treasury's 10-year bond, already battered by panic selling following the Danish refer*endum on June 2, fell again.* The bond has shed 4.2 per cent since the referendum and was yielding 11.6 per cent yesterday, sharply up from 10.8 per cent the day before the Danish vote.

The falls in the price of the Spanish long bond, analysts fear, may force the government to resort, once again, to issuing short term T-bills to finance its budget deficit, which by the end of April totalled Pta655bn (£3.6bn), up 53 *per cent on the* same time last year.

This has raised serious doubts about plans to cut the country's public deficit from 4.4 per cent of GDP last year to 1 per cent in 1997 as part of its plans to streamline the economy ahead of European monetary union.

A deteriorating trade picture is also undermining the current account of the balance of payments, which was in deficit by Pta554bn in the first quarter of this year, an increase of more than 20 per cent on 1991.

The government now admits it will not achieve its economic growth target of 3 per cent this year and many economists doubt it will be able to make 2.5 per cent.

In the interbank market, interest rates have begun to stiffen. Analysts say, however, that while the government is desperate not to raise official interest rates, its difficulties make entry *into* the narrow band of the EMS exchange rate mechanism highly unlikely this year.

With the deficits widening *and tax revenues falling*, Mr Carlos Solchaga, finance minister, has said he would have little option but to increase tax withheld on salaries.

This, he says, would bolster the government's coffers in the short term and take money out of circulation.

The move, if implemented, would be unpopular and contradicts the spirit of govern*ment* promises not to increase taxes as part of the convergence process with the EC.

It could make it more difficult for the authorities to *maintain public support* against union demands that it restore unemployment benefit cuts decreed *two months* ago, also as part of its convergence plans.

The unions mounted an unsuccessful general strike in protest at the cuts late last month and are planning another for October.

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Transatlantic air-fare 'war' that's no more than a scuffle

Delta Air Lines' price cuts on the routes it acquired from Pan Am are being seen as a publicity feat, writes **Nikki Tait**

NO SOONER had the US domestic "air wars" abated, than Delta Air Lines – one *of the nation's three "mega-carriers"* – announced last week that it was cutting prices on its transatlantic routes. International travellers hoped that they too would enjoy the sort of ticket bargains which have sent US holiday-makers into such frenzied excitement in the past six weeks.

No such luck. The Delta cuts duly generated a string of matching deals from other US carriers and from European airlines, including Lufthansa, Swissair and British Airways. But the reductions were never that generous in the first place, nor were they aimed at the leisure traveller.

The drawbacks to Delta's initiative are threefold. For a start, although the new fares are billed as "up to 45 per cent" lower, maximum reductions can only be found on the least popular routes.

If you want to fly between Miami and Istanbul, say, you'll probably find that certain fares have almost halved. But between Los Angeles and London, *Delta's reductions* range from 1 per cent to 28 per cent (depending on the type of fare). *Between Atlanta and London, the* savings are 12 to 20 per cent. And so on.

Second, these cheaper fares apply *solely to round-trip* travel originating in the US. Anyone who wants to board the outward-bound aircraft in the UK or Continental Europe – or simply wants a one-way ticket – will find them of no use at all.

Third, the fare reductions apply only to full coach, business class and first class tickets, and do not permit stayovers totalling more than 14 days. *That provides little appeal for* the average leisure traveller, although the new fares may genu*inely benefit the business market.*

Today, according to one New York "bucket shop", a round-trip ticket between Los Angeles and London, *for travel in early-August*, would cost about \$800 (£440). By contrast, Delta's full coach fare, which has come down by a princely 1 per cent, is \$1,800.

To get a more significant 28 per cent fare reduction on the LA to London route, you would need to buy a first class tick*et – now \$5,800 compared with* \$8,100 previously.

The business community may be *more grateful*. "I've got *one cus*tomer who was going from New York to Milan anyway – and his fare's come down from \$3,400 to about \$2,800," said *one US travel* agent after the cuts took effect. He also cited a New York-based lawyer, already scheduled to make three trips to continental Europe during August, whose firm will now save around \$1,000.

Even so, the truly thrifty businessman will still find that Trans World Airlines, the bankrupt carrier owned by *Carl Icahn, undercuts Delta and* its imitators – although the differential has been reduced to the cost of a *modest lunch.*

There is, of course, some risk attached to travelling with a carrier whose operating losses topped \$100m *in the first quarter* alone, and which has been functioning under Chapter 11 of the US Bankruptcy Code since January.

Many observers view Delta's initiative more as a publicity feat, than a serious bout of "fare wars". After all, the Atlanta-based carrier only acquired its extensive Transatlantic routes from the now-defunct Pan Am *last November*. Given subsequent integration problems, this may be a good opportunity to tell the world *what Delta* now offers.

NEWS: INTERNATIONAL

Japanese business confidence at 5-year low

By Steven Butler in Tokyo

HOPES FOR an early recovery of the Japanese economy were dashed yesterday when the Bank of Japan reported that business confidence in May had plunged to the lowest level in five years.

The results of the quarterly Tankan, or short-term economic survey, showed an unexpectedly pessimistic outlook and contributed to a decline yesterday on the Tokyo Stock Exchange. The Nikkei Average closed down 325.37 points at 17,383.68.

The closely-watched index of business conditions for manufacturing industries plunged from minus 5 per cent in February to minus 24 per cent, compared to a forecast in February of minus 12 per cent. Non-manufacturing fell from 17 per cent in February to 1 per cent in May, compared to a forecast of 5 per cent.

The Bank of Japan nonetheless said the economy had hit bottom and manufacturers were expecting a modest improvement in the months ahead, with the index rising to minus 20 per cent in September.

Manufacturing profits are expected to be down by 4.8 per cent in fiscal 1992, which began in April, after falling 23.4 per cent in 1991. Profits in the first half of the year are projected to be off 22.5 per cent, although the second half of the year will see a 17 per cent rise compared to the same period of 1991.

The survey confirmed earlier statistics indicating that the overhang of unsold goods which has depressed the manufacturing sector has not eased. The index of product inventory levels rose from 31 per cent in February to 32 per cent in May, compared to earlier forecasts of a fall to 18 per cent.

The Bank of Japan said the survey would not cause it to ease monetary policy further. The official discount rate, at which the central banks lends money to commercial banks, was last reduced by 0.75 per cent to 3.75 per cent in early April. Economists believe the central bank may be forced to reduce interest rates again in the autumn.

The Tankan survey showed a continuing modest easing in the labour market with the index moving from minus 15 per cent in February to minus 7 per cent in May.

Investment by large companies is to decline by 2.1 per cent during the fiscal year, with manufacturing investment declining by 8.9 per cent. Investment by small companies is forecast to decline by 25.4 per cent, although actual investment by small companies usually exceeds forecasts as they are slower to finalise plans.

The survey showed a slight easing of financial conditions, while financial institutions are taking a more accommodative stance toward lending.

NEWS IN BRIEF

US prices up by 0.1% in May

US consumer prices rose by a modest 0.1 per cent in May, cutting the year-on-year inflation rate to 3.0 per cent, reports George Graham in Washington. The Bureau of Labor Statistics said food prices fell by 0.4 per cent during May, offsetting a 0.6 per cent increase in energy prices. The core year-on-year inflation rate, excluding food and energy, dipped slightly to 3.8 per cent.

Venezuela cabinet threat

Venezuela's main opposition political party yesterday decided to withdraw its two members from the cabinet of President Carlos Andres Perez, writes Joseph Mann in Caracas. There were immediate opposition calls for Mr Perez' resignation, and a wave of anti-government protests continued in Caracas and six other cities. The decision by the Christian Democrat Copei Party to withdraw from the cabinet forced Mr Perez to cancel his trip to the Earth Summit in Brazil.

Israeli tanks fight in Lebanon

Israeli tanks pushed out of the Jewish state's self-declared security zone in south Lebanon yesterday and clashed with guerrillas, the United Nations told Reuter in Jerusalem. The UN said that seven Israeli tanks were involved in fighting and that the advancing troops damaged a UN peacekeeping post.

Miyazawa kept at home

Mr Kiichi Miyazawa, the Japanese prime minister, yesterday abandoned plans to attend the Earth Summit in Brazil because of continued delays in the passage of contentious legislation that would allow Japanese troops to serve on United Nations peacekeeping missions, writes Stefan Wagstyl in Tokyo. The bill is before the parliament's lower house for a final debate.

EC warns Japan over semiconductors

The European Community yesterday warned Japan that the European semiconductor industry expects to increase its less than 1 per cent share of Japan's chip market to 5 per cent, Robert Thomson reports in Tokyo. Reiteration of EC expectations came as Japan and the US announced that the foreign share of Japan's chip market rose from 14.4 per cent at the end of last year to 14.6 per cent during the first quarter of this year.

Militants of Algeria's banned Islamic Salvation Front on their release after four months in desert detention camps.

Bank warns India over budget deficit

By David Housego in Delhi

INDIA has been warned by the World Bank that any delay in reducing the budget deficit or in implementing structural reforms would erode the credibility of its economic readjustment programme.

The Bank, in its report before the annual gathering in Paris of western donor countries at the end of the month, says that a rapid reduction in inflation and strong export growth are "critical" to the short-term prospects of the programme.

It adds that if the Indian government can maintain the pace of reform, India could become "one of the most dynamic economies" in the latter half of the 1990s and beyond.

The report comes, however, at a time when the government's ability to take fresh policy initiatives has been badly affected by the Bombay financial scandal. An opposition leader has alleged that four ministers in prime minister Narasimha Rao's administration are involved. The possible political fall-out from the scandal is already putting the government on the defensive and impairing its ability to take unpopular decisions.

The other factor that could throw out of joint the government's macroeconomic calculations is a growing prospect of a failure of the monsoon this year. Diplomats with access to international data say that there are grim omens after four years of good monsoons. A worsening of the drought that has already hit parts of western India would further push up prices and imports.

The Bank says India needs a further $3bn (£1.0bn) in exceptional balance of payments financing this year following the $3.7bn provided last year. India will be asking the aid donor consortium meeting in Paris for an additional $600m beyond the $2.4bn being provided by the World Bank and the IMF.

The Bank says in its report, which was leaked to a government-owned news agency, that the government had achieved "impressive" progress in reducing deficits and initiating structural changes. It calls for continuing budget austerity, a reduction in subsidies, a containing of the government wage bill and a broadening of the direct tax base.

The report says that inflation at between 12 per cent and 13 per cent is well above the government's target.

It says the balance of payments situation is still "fragile" and that the present foreign exchange reserves of $5.5bn would be insufficient to cope with shocks like a decline in agricultural production or adverse developments externally.

UK bank starts action to recoup Bombay losses

By Richard Waters in London and R C Murthy in Bombay

STANDARD CHARTERED, the UK-based international bank, yesterday said it was launching criminal proceedings in India to try to recover Rs9.04bn (£162m) from brokers and others it believes defrauded it through the securities market there.

Among those implicated in the criminal action is expected to be one of India's most influential financiers, Mr Bhupen Dalal, along with brokers connected to Mr Dalal and his broking firm, Bhupen Champaklal Devidas.

The amount sought by Standard is higher than the total potential exposure of £100m it has admitted before. However, it holds securities which it believes cover its claims on Bank of Karad, a tiny Indian bank which owes it some £65m and which is in the process of being wound up. The Reserve Bank of India, the country's central bank, had put its total exposure at some £200m.

Standard Chartered announced its action following a meeting in London on Thursday between Mr Rodney Galpin and Mr Malcolm Williamson, its chairman and chief executive, and Mr S. Venkitaramanan, the governor of the Reserve Bank.

The Reserve Bank said that, from what it had so far seen, it was satisfied that Standard Chartered's £50m provision against possible losses was adequate.

In a separate move to shore up the liquidity of its Indian operations, Standard Chartered said it had transferred funds into the country.

Standard Chartered had earlier been in negotiation with Mr Dalal and others to try to reach a settlement over the affair. However, it is believed to have come under pressure from the Reserve Bank to start criminal actions in conjunction with India's Central Bureau of Investigation.

Mr Dalal will be the second prominent Indian financier implicated in the affair, following the arrest last week of Mr Harshad Mehta, a broker. Unlike Mr Mehta – who achieved instant cult status last year for his bold investments – Mr Dalal has spent two decades building up a reputation as one of the country's most discrete and influential financiers.

Those likely to be implicated in the criminal proceedings include Mr Hiten Dalal, a distant cousin of Mr Bhupen Dalal, and Mr A D Narottam, a former senior executive in Mr Bhupen Dalal's broking firm. Both were identified in a report into the affair by the Reserve Bank ten days ago, and have since had their assets seized by a government-appointed custodian.

The action is also expected to take in Mr J P Gandhi, said to be an uncle of Mr Bhupen Dalal and head of his firm's government securities dealing.

Last night the CBI raided the home and office in Bombay of Mr V B Desai, a broker linked to the Bank of Karad, and two offices of Union Commercial Bank, which has also been linked to the scandals.

Mr Bhupen Dalal is well-known to Indian investors living around the world, having been instrumental in persuading the authorities to develop special investment accounts for non-resident Indians.

● State Bank of India, the country's biggest commercial bank, has decided to make a provision of Rs7.07bn against possible losses from the scandal. The decision was taken at a special board meeting on Thursday evening, called after the Reserve Bank had put pressure on the State Bank to set up the provision.

The decision could weaken the position of ANZ Grindlays, which has so far resisted calls from the Reserve Bank for it to provide against a possible liability of Rs4bn. Both State Bank and Grindlays paid cheques made out in their own names into accounts they maintained for Mr Harshad Mehta.

NEWS: UK

Proposed BCCI deal wins High Court approval

By Richard Donkin

THE High Court yesterday agreed to sanction a $1.7bn (£921m) compensation settlement negotiated with the Abu Dhabi majority shareholders of Bank of Credit and Commerce International.

The judgment means Touche Ross, provisional liquidator, has overcome the first hurdle in its attempt to win court approval for the deal that will give creditors between 30 per cent and 40 per cent of their original investments.

The English Creditors Committee of BCCI, which had asked for the deal to be rejected, was given until next Wednesday to lodge an appeal.

Sir Donald Nicholls, the vice-chancellor, giving judgment after a four-day hearing, said the proposals represented the best option for the bank's 140,000 creditors in 70 countries around the world.

The judge accepted the liquidator's argument that rejection of the deal would have been a "huge gamble", leading to protracted litigation against Abu Dhabi with no certainty about the outcome.

Sir Donald said that while he accepted that depositors felt the offer was nowhere near enough, he thought that in the "cold light of day" many would realise that the prudent and sensible decision would be to accept what was on offer now.

Many depositors, he said, had placed their confidence in him to "wave a wand and all will be well" but he said: "I cannot conjure money out of the air, however deserving the case. Nor can the liquidators. All I can do is choose between the available options. I don't believe that if I rejected these proposals I would be doing the depositors a service."

One point clarified during the hearings is that the liquidators now have to seek the approval of creditors representing 51 per cent of the identified liabilities rather than 70 per cent as they suggested earlier. The original agreement allowed Abu Dhabi to waive the condition.

Even if no appeal is lodged, two further court hearings are necessary before the liquidators have final approval. If judgments in the Caymans next week or in Luxembourg the following week go against the package the deal could still fall.

Mr Tony Scott, secretary of the BCCI Depositors' Protection Association, said he was confident there would be an appeal. He said: "I believe that the liquidators are using creditors' money to conclude a settlement that creditors themselves do not want. I believe that is unfair and unjust."

● Lord Justice Bingham's report into the role of BCCI's supervisors in the UK is expected to be published towards the end of next month.

Campaigner: Keith Vaz, the Labour MP who championed the cause of small BCCI depositors, said yesterday that the judge's attitude had been to encourage creditors to "take the money and run". He believed that "elements of the agreement are unfair"

Cancelled Domingo concert leads to Lloyd's litigation

By Richard Lapper

A CANCELLED gala concert in Moscow featuring opera singer Placido Domingo has given rise to new litigation at the beleaguered Lloyd's of London insurance market.

Mr Ricardo Cerdan, a Zurich-based music promoter, has taken legal action after a Lloyd's underwriter, Mr Victor Broad, refused to pay SwFr3m (£1.1m) on a contingency insurance policy taken out to cover losses due to forced cancellation of the event.

Other insurers in a policy led by Mr Broad's syndicate, include the Paris-based SCOR, Italy's Generali and 13 other Lloyd's syndicates.

A writ was served last month by London-based solicitors Paisner & Co on behalf of Mr Cerdan's company, International Cultural Sponsorship Corporation.

ICSC initially signed a contract with Mr Domingo in January last year, to perform a New Year's eve concert in the Russian capital.

Subsequently Mr Cerdan agreed with leading TV companies and Sony, the Japanese electronics company, to broadcast and record the event.

But last winter as economic conditions worsened in the Soviet Union the event was dogged by a series of unexpected logistical difficulties, such as fuel shortages. A fortnight before the event, ICSC was forced to cancel.

An insurance policy, providing for comprehensive coverage against cancellation, had been bought in June – but insurers, led by Mr Broad's syndicate 370, have denied liability and are refusing to pay.

Banks and TV companies supporting the event have written to Mr David Coleridge, the Lloyd's chairman, suggesting that the market's reputation could be further tarnished by the affair.

Geneva-based Banque Scandinave en Suisse, said: "We simply cannot understand why this claim has not yet been settled."

Mr Broad, said the affair was a "legitimate claims problem" and that the syndicate had denied the claim after Gaebel Watkins and Taylor, the independent loss adjusters, had expressed reservations.

"We are discharging our obligations under a legally binding contract," Mr Broad added. "If there is something in the claim which wasn't satisfactory we have to protect our Names."

EC working time fears

By David Goodhart, Labour Editor

BRITISH employers fear a massive disruption to shift systems if the government accepts the European Community's working time directive at the next meeting of employment ministers on June 24.

The Engineering Employers' Federation and the British Printing Industries Federation believe the government has concentrated too much opposition on the issue of the 48-hour maximum working week and has virtually ignored restrictions on shift systems which could have much more damaging effects.

Mr Peter Reid, head of employment policy at the Engineering Employers' Federation, said the proposed restrictions on shift work were "much more important" than the 48-hour limitation and could cause havoc in continuous-process industries.

The restrictions that worry both federations include an eight-hour limit on night shifts, an 11-hour minimum daily rest period, and 35 hours' consecutive rest at least once a week. Foundries, forges, plastics, plating and many other processes could be hit, the employers say, and argue that many night-shift employees prefer a pattern of four 10-hour shifts to five of eight hours.

These details have been largely disregarded as the government has fought the ban on Sunday working – now won – and the 48-hour week.

A Portuguese compromise to allow working weeks of more than 48 hours if employees agree, at least for an initial 10-year period, could provide the basis for a deal at the meeting.

Solicitors' appeal against SIB action fails

By Raymond Hughes, Law Courts Correspondent

A RENEWED attempt to stop the Securities and Investments Board suing London solicitors alleged to have been involved in unlawful share-pushing in the UK by an offshore company has failed.

The Court of Appeal yesterday upheld the High Court's refusal to strike out SIB's action seeking restitution from Shoosmith & Morrison and two members of the firm.

SIB alleges the solicitors were "knowingly concerned" in the share-pushing operations of Pantell, a Swiss company that carried on unauthorised investment business in the UK in 1988-89 in breach of the Financial Services Act.

As a result of Pantell's operations, UK investors bought 1.4m valueless shares in European American Corporation – Euramco – for more than $2m. Individual investors have no right to sue third parties "knowingly concerned" in contraventions of the act. The solicitors deny the allegation.

Lord Justice Steyn said the investor protection provisions in the act had been prompted by the widespread belief that the operations of share-pushers damaged the market's integrity of the market and were contrary to the public interest.

He said share-pushers were often beyond the reach of English law, but it was clear their operations were often made possible only because of the assistance of third parties, such as bankers, accountants and solicitors.

Lord Justice Scott said Pantell's misleading advertisements, and its salesmen making unsolicited phone calls, had tried to persuade people to buy shares in Euramco, a company incorporated in Utah, in the US.

SIB alleged that the solicitors had acted for Pantell and for Swiss Atlantic Holdings, which authorised Pantell to sell Euramco shares in the UK on a commission basis.

Lord Justice Scott said the act provided for restitution orders designed to restore the parties to the transactions to their former positions.

Restitution – repayment of an investor's money in return for the shares being returned to the vendor – could be ordered against the share-pusher and "any other person . . . knowingly concerned" in breach of the act.

The undisputed fact that the solicitors had not received any money paid by investors that it was proposed they should be ordered to repay was not a valid objection to SIB's claim, Lord Justice Scott said.

Stress helpline is launched

By Diane Summers, Labour Staff

WORKERS suffer from stress are to be offered instant information on where to find Tai-Chi exercise sessions or even juggling classes to help them relax, following the launch yesterday of a one-stop anti-stress service for companies.

The service by Mind, the mental health charity, will tackle more serious emotional problems with a 24-hour-a-day counselling service. Stress management courses will also be provided by the charity. Mind expects more than 1,000 organisations to join the £600-a-year programme.

Companies will get extra peace of mind from the fact that the covenanted fee to Mind will count as a charitable donation and can therefore be offset against tax.

Stress and other emotional difficulties are estimated to cost £7bn a year in the UK – at least half of which is calculated to be a direct cost to industry through reductions in productivity. A total of 80m annual working days are lost, according to Department of Health figures.

Particularly stressful occupations were said by Mind to include farming, the emergency services and teaching. The charity stressed that "executive stress" was not the only problem – production-line workers with little control over their jobs could suffer.

Ms Judi Clements, Mind director, said that stress and more severe forms of mental distress, affected one in four people each year.

Inflation rate sticks at 4.3%

By Emma Tucker, Economics Staff

THE rate of inflation in the UK was unchanged last month but underlying trends remained on a downward path.

Fears that the headline inflation figure would be pushed up as last year's mortgage-rate cuts dropped out of the retail prices index proved unfounded.

Instead, a 0.4 per cent rise in the RPI last month left the rate of increase in the 12 months to May at 4.3 per cent, the same figure as in April.

Figures from the Central Statistical Office also show that the RPI excluding mortgage interest payments – often taken as a measure of underlying retail price inflation – fell to 5.3 per cent in the year to May, the lowest figure since December 1988. This measure of retail-price inflation has fallen steadily from 5.8 per cent in December last year.

The Treasury said the figures were "excellent news", and forecast underlying inflation would continue to fall in the coming months as weak producer-price inflation fed through to the wider inflation index. Last month producer-price inflation – the prices of manufactured goods – fell to 3.6 per cent, the lowest annual rate of increase since 1987.

The RPI fell to 4 per cent in March this year, but jumped to 4.3 per cent in April as Budget increases in excise duties affected the index. Economists expect the RPI to resume its downward path later this year.

"Provided the squeeze continues and service-sector inflation gets hit the outlook on inflation should be better by the second half of this year," said Ms Ruth Lea, chief economist at Mitsubishi Bank in London.

A breakdown of the components of the index shows that prices in the service sector continued to rise faster than in the traded-goods sectors.

Prices of leisure services, for example, rose by 8.4 per cent in the year to May, while fares and other travel costs rose by 5.9 per cent year-on-year. This compares with an annual increase of 3 per cent for household goods and 2.5 per cent for leisure goods.

The CSO said the rise in the index from 138.8 to 139.3, between April and May mainly reflected higher motoring costs and some increases in food prices, along with the remaining Budget increases in excise duties.

Overall food prices rose by 0.5 per cent on the month, but seasonal food prices dropped 1.2 per cent on the month.

This reflected the plentiful supplies of home-grown vegetables and in particular lower prices for tomatoes, cucumbers and cauliflowers.

Apples, grapes and strawberries were cheaper and the price of home-killed lamb, which usually rises in May, fell.

Seasonal food was the only sector of the index to fall last month but prices for household services and clothing and footwear were static.

Although prices for men's clothing were higher, the CSO said there were reductions on most items of women's clothes. Compared with a year ago, clothing and footwear prices were only 0.2 per cent higher.

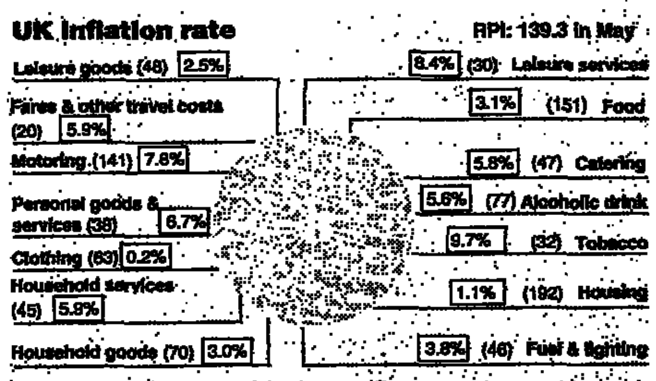
The monthly rise in housing costs of 0.2 per cent reflected the continuing increase in the average size of outstanding mortgage debts, said the CSO.

Mrs Margaret Beckett, shadow chief secretary to the Treasury, said May's inflation figure was disappointing.

She added: "In the depths of recession, the figure must be regarded as very disappointing, especially as it is many months since the prime minister said that he had inflation 'licked'."

Lex, Page 22

UK Inflation rate



Figures in brackets are weights in retail prices index in parts of 1,000

Percentages represent annual % change to April 1992

'Vandals' warning after rates decision

By Vanessa Houlder, Property Correspondent

THE property industry warned yesterday that more office blocks would be vandalised by owners trying to escape rate bills, following a refusal by the Department of the Environment this week to cut the rates levied on empty buildings.

Mr Michael Pattison, secretary-general of the Royal Institution of Chartered Surveyors, said instances where the interiors of office blocks had been stripped out to avoid business rates were "the tip of a nasty iceberg". Rates levied on unlet property were "leading to systematic, wanton destruction", he said.

By making a vacant building "incapable of beneficial occupation", property owners eliminate a rates bill that would otherwise be 50 per cent of the full liability.

The government has decided it would be too costly to reduce the rates for empty properties. The half-rate charge, which was introduced with the uniform business rate in 1990, brought in an estimated £450m last year.

On Thursday Mr John Redwood, minister for local government, wrote to Mr Howard Davies, director-general of the Confederation of British Industry, pointing out that business rates had been cut by £1.25bn in the Budget. "Against this background the existing rules on empty rates should remain," he said.

Mr Pattison said the property industry would press for a reversal of that decision. "We are not likely to accept that this is the last word," he said.

Property owners and tenants have been lobbying the government for several months urging a reduction in rates on empty properties to 15 per cent, which they consider a fair reflection of the costs of servicing an empty building. They also want the grace period before rates are levied on an empty building extended from three months to a year, in line with the longer periods now needed to let a building.

Over the past year Wates City of London, a quoted property company, has saved about £280,000 a year in tax by stripping the ceilings out of 40,000 sq ft of Winchester House in the City, a building it has earmarked for redevelopment.

Mr Rod Clutton, development director, said the measures should not be compared to vandalism. "Vandalism suggests destruction for destruction's sake. We are stripping things out to minimise our tax liability. This tax is penal."

Generator enters gas market

By Neil Buckley

NATIONAL Power, the electricity generator, is one of 32 bidders which have been allowed to buy gas from British Gas to sell on to the industrial and commercial market.

The company said it had bought a "very small amount" to "gain marketing and operational experience in the gas market". It had customers lined up to buy the gas.

Rival generator PowerGen already has a toe-hold in the gas market through Kinetica, a joint venture with Conoco, the oil company. Several other successful bidders are joint ventures between regional electricity companies and gas suppliers.

British Gas agreed with the Office of Fair Trading earlier this year to sell 500m therms of gas in the first of a series of annual sales aimed at reducing the company's share of the industrial market from 90 per cent to 40 per cent by 1995.

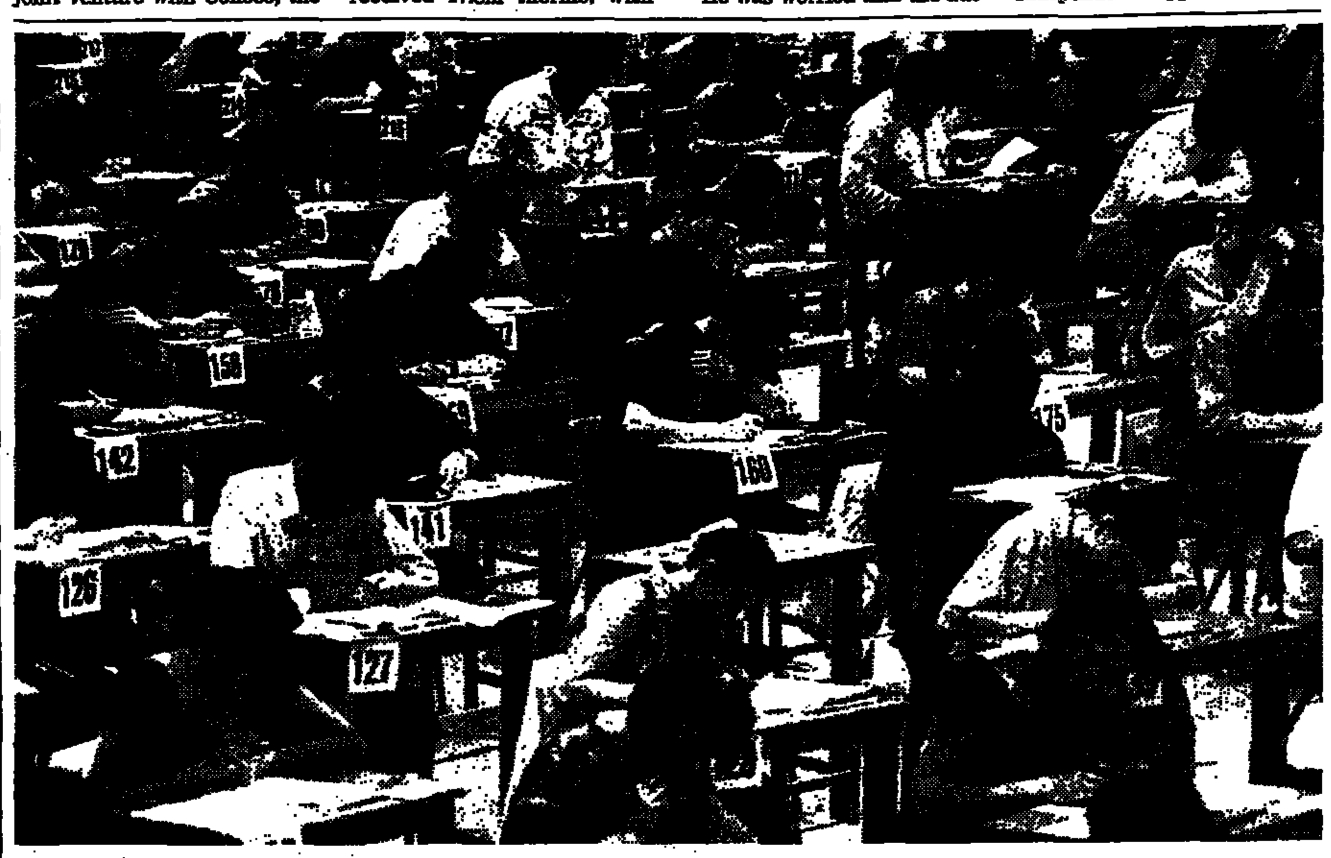
British Gas said yesterday that it could not release details of the allocations, but it is thought that 23 suppliers each received 17.8m therms, with nine others receiving the minimum allocation of 10m therms.

Some larger suppliers criticised the way the auction was operated, warning that it could impede the development of competition. Mr John Astrop, commercial director of Kinetica, which supplies 1,000 sites, was "very disappointed" with the allocation. He said: "It is less than we hoped for, and shows the problems with allocating the gas on a per capita basis without taking account of who are the established, long-term players."

He was worried that the auction may have encouraged smaller companies to buy gas, although they would be unwilling or unable to secure longer-term supplies. This could hinder the growth of longer-term players and slow the development of real competition.

The Gas Consumers Council said it was surprised at the number of successful applicants, and welcomed the widened choice for consumers.

Many observers said it was inevitable that an "after market" would develop in gas supplies, with trading between independent suppliers.



Colin Beere

Eyes down for a testing time: students at the University of Essex, Colchester, sitting a three-hour exam yesterday

Civil service union votes against strike

By Michael Smith, Labour Correspondent

GOVERNMENT PLANS for a shake-up in civil service pay received a boost yesterday as members of the 114,000-strong National Union of Civil and Public Servants voted not to strike against them.

The six-to-four vote significantly reduces the chances that any union will take action against proposals to extend performance pay, devolve pay determination to departments and agencies and keep this year's increases to around the rate of inflation.

The 125,000 members of the Civil and Public Services Association have already voted to accept a deal similar to that offered to the NUCPS.

The NUCPS vote, details of which were being withheld by the union's leadership last night, was in spite of a recommendation for striking by the union's conference last month.

Conference delegates and many of the union's leadership are opposed to the devolution of pay determination to departments and to the extension of performance-related pay.

They are also angry about the level of the offer, which will lead to basic pay rises of 4.1 per cent from April 1 and, taking performance pay awards into account, will add 4.5 per cent to the salary bill.

Members of the NUCPS may be given a further vote on whether they think the union should sign an agreement with the Treasury.

Building workers agree 2.5% pay rise

By Diane Summers, Labour Staff

CONSTRUCTION unions yesterday agreed to accept a 2.5 per cent rise for basic pay rates in negotiations covering 600,000 building and civil engineering workers.

The deal followed a warning by Ucatt, the main union in the talks, of a "summer of discontent" on building sites if employers refused to withdraw their initial proposal for a pay freeze.

Some building sites in London have already seen unofficial action by workers over past weeks. For example, a tower crane on a site in Gloucester Road, west London, has been occupied by pickets since Tuesday, following the alleged sackings of a group of shop stewards.

The deal, which will take basic pay for craft operatives to £4.09 an hour and for labourers to £3.48, takes effect from June 29. These negotiated basic rates bear little relation to actual wages paid but do influence the scale of increases contractors are likely to pay.

Separately, a survey of professional staff in the construction industry, conducted by Building magazine, indicates that more than half of construction companies will impose a pay freeze this year.

Fifteen per cent of companies will give rises of 1 per cent to 4 per cent but just over a quarter expect to raise salaries between 5 per cent and 8 per cent after earlier pay freezes.

Tories seek a chief executive

THE Tory party is seeking a new chief executive as part of its long-expected review of Conservative Central Office, its headquarters organisation, Ivo Dawnay writes.

The £90,000 post is open to applicants from both inside and outside the party. The shake-up follows criticisms that Labour had outperformed the Tories in the general election campaign, in spite of its defeat.

Speaking to East Midlands area party members, Sir Norman Fowler, party chairman, also announced the appointment of two advisers: Sir Allen Shephard, chairman of Grand Metropolitan, the UK food and drinks group, and Mr Richard Simmons, a senior partner of Arthur Anderson, the accountants and management consultants.

Sir Norman said that while there were "some excellent staff employed" there was a need to bring all their efforts together. "Our aim must be to build an organisation for the 1990s which will be the most effective political fighting force in the country," he said.

Eurotunnel wins leave for appeal

EUROTUNNEL, the Channel tunnel group, has been given leave to appeal to the House of Lords against a Court of Appeal ruling. The ruling allowed British and French contractors to renew a threat to stop working unless they receive extra payments to cover the cost of completing the project.

Transmanche Link, a consortium of five British and five French construction companies, had said it would stop work on installing a cooling system unless it received sufficient money to cover the cost of the work.

Eurotunnel had asked the courts to grant an injunction preventing the contractors from carrying out their threat.

Lord Staughton, one of the appeal judges, said that an English court should not grant an interim injunction in a disagreement that all the parties had agreed ought to go arbitration abroad.

US attacked over sanctions plan

MR JOHN GUMMER, agriculture minister, yesterday attacked the US – during a Commons debate on reforming the Common Agricultural Policy – for threatening to retaliate in its dispute with the European Community over oilseed subsidies.

Mr Gummer described as "wholly unacceptable" the US action in preparing a $2bn (£1.08bn) list of EC products it may target for high import tariffs. He said the US would be acting illegally if the sanctions were put into effect.

Two dispute settlement panels in the General Agreement on Tariffs and Trade have found the EC at fault for subsidies of its oilseeds sector. The US plans to invite comment on the list before paring it to $1bn and implementing the tariffs.

'Whistleblowing' pledge welcomed

NATIONAL Health Service unions yesterday broadly welcomed an undertaking by Mrs Virginia Bottomley, health secretary, to introduce guidance preventing the gagging of "whistleblowing" staff who publicise concerns.

But Labour complained that Mrs Bottomley had not proposed a right of appeal outside the NHS management.

● British Dental Association members were told yesterday that they are to be balloted on industrial action in a dispute with the government over proposals to cut fees by 7 per cent.

Major faces a growing clamour on Maastricht

By Ivo Dawnay, Political Correspondent

MR John Major flies back to Britain today with his pledge to press ahead on ratification of the Maastricht treaty in the autumn under attack from both flanks.

Mr Paddy Ashdown, the Liberal Democrat leader, yesterday claimed that the prime minister's commitment to the treaty appeared to be wavering following reports of cabinet splits over how to respond to the Danish referendum "no" result.

But Mr Michael Spicer, Tory MP for South Worcestershire and a leading opponent of the accord, warned that it might be unconstitutional for the government to proceed with ratification.

The conflicting views reflected fierce divisions on all sides in the Commons about how Britain should respond to the Danish rejection, both in parliament and in the presidency of the European Community which the UK inherits from Portugal next month.

To emphasise the point, a cross-party group including Mr John Biffen, the former Conservative leader of the Commons, and Mr Peter Shore, the one-time Labour environment secretary, yesterday re-tabled a symbolic bill requiring a statement about the impact of a treaty on citizens' rights to be sent to every household.

With Conservative supporters of the treaty unusually taciturn, it was Mr Ashdown who put the case yesterday for a vigorous defence of the accord. He argued that Mr Major should confront "the whispering campaign of his Tory opponents" directly by tabling a confidence motion on his European policy.

"Mr Major must stand firm in showing a lead to his own Cabinet and over his own party," he said. "This is a time for backbone, not equivocation."

Mr Spicer claimed in Oxford that a majority of Tory MPs believed it was "undesirable" and possibly unconstitutional to proceed with a bill on a treaty which is denied legality by the Danish vote.

Arguing that there was "a whirlwind of new opinion" in Europe opposed to an unaccountable superstate, he said there was "the opportunity to reconsider the whole anti-democratic centralist thrust of the Maastricht treaty".

Mr Spicer, in a speech outlining a growing school of opinion among Tory MPs, countered government claims of specific gains for Britain in the Maastricht agreement. While the commission's powers had been redefined, the executive had been given an enhanced role, including a right to propose what powers would be "handed back" to national parliaments, he said.

Opinion poll inquest sees fatal flaws

By Richard Evans

AN INQUEST into the performance of opinion polls in the April general election has provided an explanation for more than half the discrepancies between their findings and the actual result. However, it says there are still "fundamental problems" in the way polls are conducted.

The inquiry by the Market Research Society suggests that the polls have systematically overstated Labour support and underestimated Tory strength for at least 30 years. It will conduct further research to discover the cause of this bias.

This investigation is likely to take several months and will focus on representative interviews, the significance of people who refuse to answer pollsters' questions, the reliability of those who do answer, and the interpretation of data.

Yesterday's report, which will do little to restore the pollsters' dented credibility, claims that their 1992 election performance was "not wholly untypical" because of underlying problems with sampling and interviewing methods.

An average of the four leading polls published on polling day showed an overestimate of 4 per cent in the Labour share; an underestimate of 4½ per cent in the Conservative share; and an overestimate of 1 per cent in the Liberal Democrat vote. The net effect was to underestimate the Tories' winning margin by 8½ points.

The main factors in the miscalculation were found to be a late swing that went unspotted, people's reluctance to say how they were going to vote, the impact of postal votes, and the failure of voters to register because of the poll tax.

Up to 3 points of the 8½ point discrepancy was found to have been caused by a last-minute change in voting intentions and up to 2 points by the refusal of some people, especially Conservatives, to disclose their intentions.

The report says: "We feel we can now understand around 5 [points] of the discrepancy between the polls and the result in terms of the Conservative lead: around 60 per cent of the total problem. We are left with a discrepancy of around 3.5 [points], arising from underestimation of the Conservative vote and/or overestimation of the Labour vote."

Mr Bob Worcester, chairman of leading pollster Mori, said there were no easy answers. "It is far too early to say what we will be doing differently in four years' time ... It makes us a bit more humble, which will do no harm at all."

Mr Brian Gosschalk, Mori political director, said the inquiry's conclusion that there was a long-term bias favouring Labour was "nonsense".

EURO DISNEY: THE STORY SO FAR

Queueing for flawed fantasy

Euro Disney has been promoted as a playground for the European family of the 21st century. But after three months how successful has the FFr2.4bn complex been in capturing the imagination and money of a continent? FT writers report

IT IS 8.30am, a Sunday on the French Whitsun holiday weekend at the Disneyland Hotel, a fanciful new "turn of the century" pink confection where child or adult guests can be tucked into bed by Mickey Mouse.

Just outside, costumed cast members – Disneyese for workers – are taking up their positions beside the turnstiles at the entrance to the Magic Kingdom, Euro Disney's new FFr2.4bn ($447m) theme park 20 miles east of Paris.

Above, in one of the Disney hotel restaurants, Rotterdam snooker hall owner Mr Lucos van Straalen and his wife Henny are ploughing through the FFr140-a-head breakfast.

"The second we've finished this we'll be out there and you'll be first on the rides," Mr van Straalen assures his seven-year-old son Kim.

Then he looks out; the crowds are already surging down Main Street USA, past its 'Victorian shop' merchandising opportunities towards Sleeping Beauty's Castle and the make-believe beyond.

Attendance this sunny holiday Sunday – 90,000 say cast members – ought to be good news for Euro Disney which confirmed earlier this month that "operating uncertainties" meant it might not be profitable this financial year. Theme park attendances and hotel occupancy had "fluctuated considerably" since the April 12 opening.

The seven-week total of 1.5m theme park visitors, an average of slightly more than 30,000 daily, would if replicated over 52 weeks achieve the company's 11m a year target.

But Euro Disney must boost summer attendances; visitors will be much scarcer on cold, short winter days. A 'one night free for two nights paying' offer at its six hotels at the resort has been introduced for a limited period for visitors not already on discounted package deals.

Yet even after Sunday's high turnout management were refusing to be interviewed or to confirm the 90,000 figure, their highest in a single day.

In truth Sunday was not a triumph; although the gates closed for four hours to 3pm to limit admissions it was already too late to prevent Euro Disneyland falling short of the maxim enshrined in its 'The Magic is You' staff brochure; "Exceeding our guests' expectations is our ultimate goal each and every day."

"It was dreadful, quite impossible; two hours wait to go on a ride is ridiculous," says ambulance driver Mr Jean-Jacques Siuda, one of four adults and three children from Perpignan, southern France, who have flown up for two nights at Euro Disneyland. "We gave up and came back to the hotel swimming pool; I wouldn't mind but at home we have the sea."

The van Straalens, appalled at the queues but too scared to head for Paris – "French is a difficult language for us" – drove instead to the Asterix theme park. Not so good, they say, but quieter.

Dusseldorf catering worker Mr Markos Weggen, who had come by train with friends for two days, went to Paris for a few hours. Mr Weggen, sporting a cowboy style neckerchief, has been to Walt Disney World in Orlando, Florida. "They're better organised out there; they've some way to go in organisation here," he said.

Yet apart from their frustration at the queues all these people said that, overall, they had a great time.

In many respects the project has been a feat of organisation; the three-phase development is due to cover 4,801 acres, a fifth the size of central Paris, by 2017. Upgraded road and rail links to the site are impressive and high-speed TGV trains will from 1994 further shrink journey times for its 340m European catchment population.

Whatever one thinks of the site's gaudy buildings, relentless jollity and shameless bastardisation of history and culture, the scale of work since contracts were signed in 1987 is awesome. As well as the theme park there are six new hotels with 5,200 beds, ranging from the Hotel Cheyenne, a pastiche Wild West town, to the New York, loosely based on Manhattan, and the 'Victorian' Disneyland.

Yet vital details of strategy seem unsatisfactory. Visitors complain about poor signs at railway stations and roads feeding the resort. Some large travel agents in Britain, an important market, lack information on the resort.

These deficiencies, and the queues, may just be teething problems. But Euro Disney has a fight on its hands to overcome anti-American prejudice, fear of traffic jams and sensitivity to the park's FFr225 (FFr150 for three to under 12s) one-day admission charge among the French.

The company declines to confirm unofficial information that the level of French visitor throughput is well below forecasts. However, it is trying to boost local attendances. This may be an uphill struggle.

"It's American kitsch on French soil," says a French middle class white-collar worker at his house in Marne la Vallée, the new town development zone where Euro Disneyland is located.

"The Frenchman is an individualist, he hates being taken by the hand and led around."

Eight miles away, Leeds advertising agency partner Mr David Moutrie, his wife Michelle and their two small children are ordering a FFr200-a-head meal at Walts restaurant. They are about to discover they cannot have a glass of wine; no alcohol is served in the theme park.

"The same Frenchman who'll go to Disney in Orlando and come back telling his neighbours it's fantastic will describe Euro Disney in Marne la Vallée as a cultural Chernobyl," says Mr Charles Boetto, president of the Syndicat d'Agglomeration Nouvelle des Portes de la Brie, a local authority council covering the five parishes around the Disney site.

An independent politically and a banker by career – he is a former assistant vice-president of American Express in France – Mr Boetto wants Euro Disney to succeed. His council has already borrowed FFr230m for infrastructure upgrading around the site and is raising another FFr500m loan. But he also wants the project to foster more broadly based economic expansion; he worries about overdependence on tourism. The Euro Disney shares, he believes, were overpriced due to speculation, but he fears their falling value may frighten the banks, slowing development.

He is critical too of Euro Disney's handling of housing problems among its 16,000 full-time, part-time and short-term staff: the company blames a mix-up with the French authorities. Mostly paid FFr6,000 gross for an 169-hour month of shift work – 15 per cent above the French minimum wage – the bulk of the staff, drawn from 86 nationalities, can ill afford Parisian rents.

Mr Boetto says the 6,000 population of his five parishes has been suddenly swelled by 1,600 cast members. One tiny village, Magny le Hongre, now has a population of 350 locals and 800 young newcomers.

Since April 1 more than 1,000 staff have left. "A lot went because it was chaotic at first," says a genial English waitress at Festival Disney, a charmless eating and drinking area just outside the park gates.

Among those who quit was a 22-year-old French medical student living nearby who signed up for a weekend job.

After two weekends at the "Disney University" – one for brainwashing, he says, and one for training in till and credit card handling – he donned a Tyrolean costume and started work in a Fantasyland shop for a pre-opening weekend for subcontractors' families.

It was frantic, he says; he stood at his till 11 hours non-stop. The next weekend virtually the entire shop personnel had changed. After 10 hours he locked his till to go and eat. A French senior manager was unimpressed: a row ensued. A brief career as a smiling Tyrolean was over.

A waiter in one of the best hotels – no names are revealed here as cast members are forbidden from talking to journalists – says he believes Euro Disney management are learning.

"I don't think they realised what Europeans were like, that we ask questions and don't think all the same. But it's getting better; they're listening more to the staff."

Written Euro Disney Look rules for cast members are rigorous. The right weight must be maintained, nails exceeding 7mm beyond the fingertip are banned, deodorant is obligatory and wigs forbidden, except with doctor's verification. Body language rules warn against crossing the arms, urge an upright, listening posture and recommend sincere voice tone.

There is strong approval among visitors for the park's sparkling cleanliness and lack of litter. Cast members are strikingly good natured, friendly to visitors and, apparently, each other. "I've never seen as many smiling Frenchmen in one place," laughs American Mr Todd Stephenson, completing a PhD on 20th century American cultural history. His view on the Euro Disney resort? "It's a big mish-mash".

French visitors are a minority. Some are intimidated at being addressed in English, especially in the hotels. "Vous parlez français?" asks an anxious Frenchwoman, wandering forlornly down the Hotel Cheyenne's Wild West street. She is seeking in vain a conventional French restaurant – American food is another deterrent to French visitors.

Equally, some English speaking visitors complain about park commentaries in French.

The hotel rooms are good but expensive. Prices for most of the year – from FFr750 a room to FFr2,750 at the Disneyland Hotel – are however mitigated by the fact that four can sleep in one room by current discount deals. Many French visitors are aghast at the room prices but they are mostly day-trippers or staying at nearby business hotels at cut-price weekend rates.

Visitor spending varies dramatically. The Moutries' four-day, three-night package, including return flight from Yorkshire, cost them £1,500, including hotel and park admission. They will spend up to £700 more on food, drink and incidentals. They were given free cowboy hats and a meal at the Buffalo Bill Wild West Show. But it cost them FFr1,000 to get in.

Lingerie saleswomen Monique Tesniere and Josiane Montegu from Rouen have paid just FFr300 each for a two-day, one-night package, including coach and overnight stay in a Marne la Vallée business hotel.

There are few grumbles about the admission charge but French visitors particularly talk of knowing many people deterred by cost.

Visitors do grumble though about the cost and choice of goods in the park shops. "I refuse to pay FFr49 for a little Mickey Mouse statue," says Parisian waitress Raymonde Bergon.

Euro Disney has keenly exploited its perceived sales opportunities, from wheelchair hire to macs. But in one area – alcohol – it seems diffident.

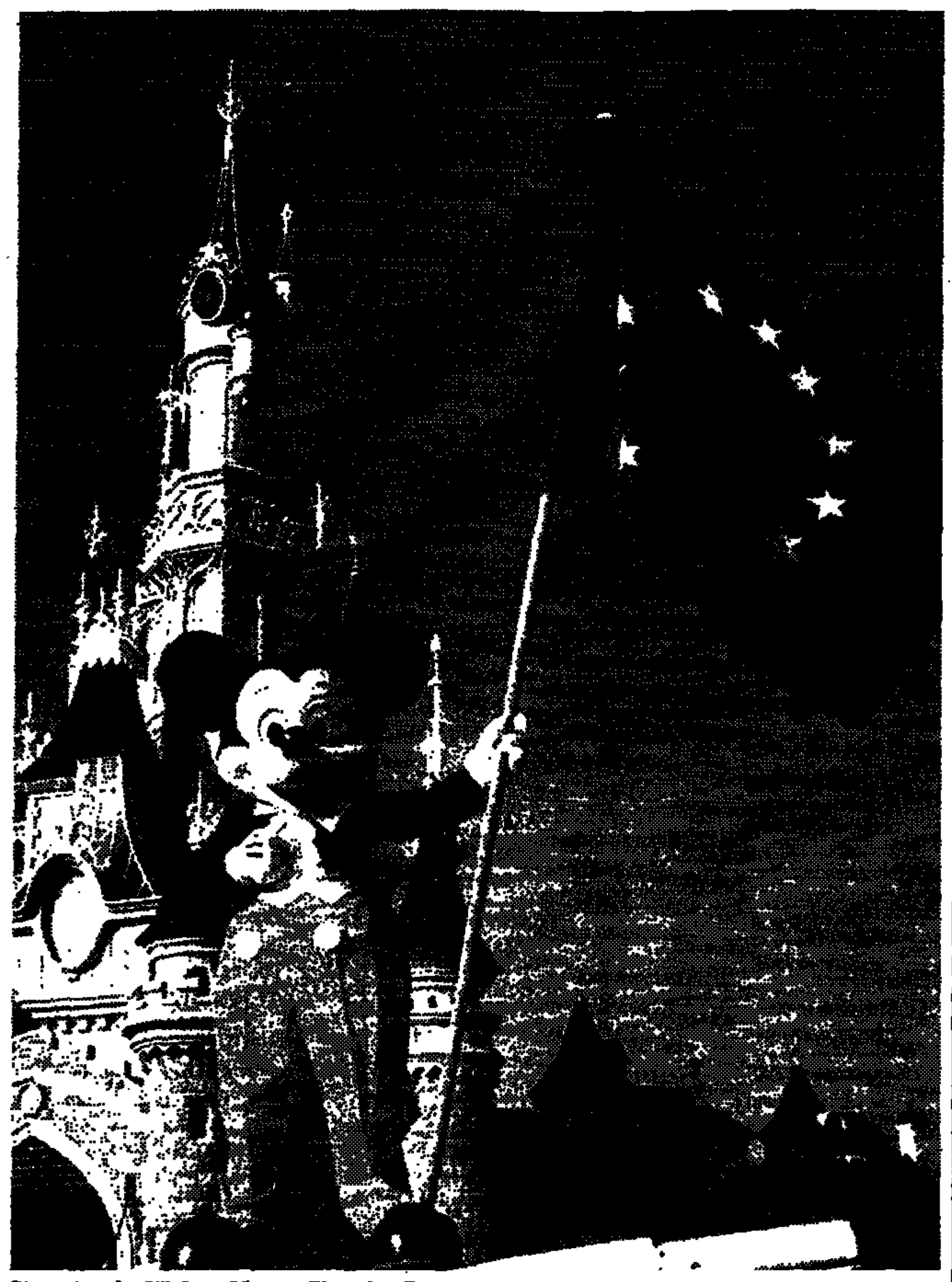
The 1,100-room Newport Bay Club, for example, allegedly western Europe's biggest hotel, has only one small bar. As the park is 'dry', drinkers congregate at Festival Disney, supervised by unsmiling security men and CRS riot police with guns. Euro Disney confirms it is unhappy with this area but declines to give details.

The drink issue raises the question of quite who the resort is aimed at. Is it for the small children who whimper in terror at the superb dragon snorting beneath Sleeping Beauty's Castle? The adolescents who crave more white-knuckle rides, such as Discoveryland's Star Tours voyage into space? The adults who want a few beers, or more time to appreciate the high-quality artwork of the Pirates of the Caribbean ride?

Can an American theme park in Europe please all ages and nationalities? And in what country, if any, is this fantasy never-neverland which started with a Hollywood mouse? It is not, except in the most literal sense, in France.

"I think as far as the management is concerned it just happens to be in the middle of Europe handy for a big population," says Mr Moutrie. "If somebody said to me when we get back, have you been to France, I'd be tempted to say no."

Chris Tighe



Star struck: Mickey Mouse flies the flag but some customers are far from enchanted

A question of the mouse's attraction

THE EURO DISNEY fantasy has so far enticed 1.5m holiday-makers. However, this buoyant beginning conceals worries about its longer-term prospects.

European capitals report interest and substantial initial bookings but selling this US culture experience to Europeans will become more difficult as economic uncertainty continues and winter approaches.

In the UK, P&O Euro-Ferries said the first three months' packages have "sold so well that we had to go back to Euro Disney to ask for greater hotel room allocation". P&O added that it has sold more than 70 per cent of its packages for the first three months, and that bookings for the peak summer months are at that level.

The UK operator Airtours declined to give monthly figures for sales but said that it had sold 70 per cent of its allocations up to December.

The UK coach operator Wallace Arnold has an allocation of 25,000 packages up to March 1993. It said that so far 14,000 have been sold. It would not give a monthly breakdown. Other UK operators also declined to give details of monthly bookings but stated they were achieving 70 per cent of their target.

British Airways Holidays (a subsidiary of British Airways) said that "bookings are exceeding our budget for June and will probably be the same in July and August".

However, BA Holidays added that, so far, September is "considerably quieter", with less than 20 per cent of its projected bookings being taken up. BA Holidays' figures for the last two months of 1992 are even lower: November, 12 per cent and December, 10 per cent. Bookings for the start of 1993 are lower still.

BA Holidays said: "We don't think it's going to be easy trying to market Euro Disney in the winter but we have to persuade people of the attraction of not having any queues then." It added: "So long as people dress up warmly and make sure they are waterproofed" then a wintery Eurodisney might not be unattractive.

It is perhaps no coincidence that tour operators claim to be achieving a 70 per cent sales target, yet are reluctant to give monthly breakdowns.

Euro Disney yesterday confirmed that part of its agreement with designated tour operators is that the operators guarantee fulfilling their allocated hotel room quotas by 70 per cent; if they fail to achieve that, then they, not Euro Disney, are liable for the cost of the vacant hotel rooms.

In France, the consensus among operators and travel agents is that interest was high immediately after the park's opening, but has since declined.

Mr Jean Luc Durovraz, director of development at VPS Voyages, one of France's largest coach operators, said: "After very strong interest in the first few weeks" sales and advance bookings had fallen by "about 20 or 30 per cent" since the middle of May.

RATP, operating the railway link between Paris and the theme park, supports that. Its daily ticket sales to Euro Disney (to both French and foreign travellers) peaked in late April and early May – reaching a record of 26,000 on Saturday May 2 – but has since fallen.

Mr Durovraz said it was too early to say whether the recent reduction in demand reflected a long-term disenchantment with Euro Disneyland, or if it was due to seasonal factors like the recent profusion of national holidays in France.

Mr Jean Pierre Bouteillier, marketing director of Visit France, the tour operator owned by Air France, said the present level of interest in Euro Disneyland was "satisfactory", but added that his company had "absolutely no idea what to expect" from it.

Mr Durovraz suspects that Euro Disney may have a longer term problem, in that it is trying to sell a US leisure concept incompatible with French leisure trends. French consumers "are uncomfortable with the US idea of spending a lot of money on a one-day trip to a single site."

Spanish travel agents have only recently begun a concerted campaign to sell Euro Disney. The two largest hotel and travel operations say interest has exceeded their expectations.

"It could not be better," said Ms Rosa Paramio, chief of planning at the Corte Ingles agency. She was, nevertheless, unable to give precise figures.

At Eurodisney Utell, a Spanish hotel agency specialising in Euro Disney reservations, Ms Avelina Iglesias said she had been "very surprised" at the rate of bookings for Euro Disney hotels.

But Euro Disney will in the next few years face competition from a $500m theme park being built near Barcelona by Anheuser Busch and a Catalan financier, Mr Javier de la Rosa.

Report by Gary Mead, Alice Rawsthorn, Peter Bruce, Haig Simonian and David Waller

City measures success in feet

CITY of London analysts believe that Euro Disney's success depends on its ability to meet its target of 11m visitors in its first year of operation, up to March 1993. But the signs are that it is already failing to do so.

Euro Disney recently released figures suggesting that so far an average 30,137 people a day visited in its first two months after opening on April 12. This would put it on course to achieve its 11m target.

But what threatens to savage the venture in the mid-term is a looming failure to maintain the daily attendance figure into October and beyond. While the venture may be achieving its daily 30,000 admission figure, analysts view a daily 20,000 average for the period October 1992 to March 1993 as optimistic.

Even given a mini-boom of a daily average of 45,000 in the peak months of July and August, some analysts estimate that it could be heading for a total of 8.4m visitors.

According to Ms Anita Hibbert of securities house Smith New Court: "Although that daily average is meeting Euro Disney's 11m target, it does not allow for seasonality."

By having achieved only 30,000 per day so far – in good weather and with frequent holidays in its main European markets – it is already facing difficulties meeting its target, especially as winter draws closer. Euro Disney has projected 14m visitors for its second year; that figure is already looking over-optimistic, according to analysts.

Mr Nigel Reed, of Paribas Capital Markets Group, is another sceptic, although he believes it premature to make conclusions. "We are cautious about the project. It's early days but the early signs have not been encouraging. Paribas has been advising shareholders to sell."

Mr Nicholas de Schonen, head of corporate communications at Euro Disney, said yesterday: "We need to go through one year to have a picture of the situation. Our experience is too short to make any conclusions."

Gary Mead

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Transatlantic morning after

JAM TOMORROW, but never jam today. The stock market reaction to a week of dreary economic news has been instructive. The FT-SE Index has retreated 65 points, or about 2.4 per cent; but much of the fall came well ahead of the main economic news. This suggests that the market was falling simply because it was overbought, as technicians had warned that it would. The bad news, of flat retail sales, a continued housing slump and weak car exports, seems to have come as no surprise.

The forecasting consensus in the City has virtually caught up with the pessimism of its monetarist minority, who got it right all along. Whitehall leaks suggest that the government is also getting used to the idea of a flat 1992. What remains to be seen is how business and consumer confidence will stand up to disappointment. If the unchanging facts arouse new insecurity about jobs, or find shops overstocked and production schedules overambitious, the news itself could get worse before the trend stabilises. For real recovery, wait a bit longer – possibly until 1993.

How did we get locked into this recurring cycle of hope deferred? The clearest explanation has been offered not in London, but in Washington. The US economy is now a full year into statistical recovery, but continues to disappoint. The Fed chairman, Mr Alan Greenspan, has commented on this with a candour which is itself a strong argument for an independent central bank. He says, in effect, that we are off the map. This is the worst credit crisis for 60 years, and the models which generate economic forecasts have no experience to guide them.

Micawberish hope

Mr Greenspan has always warned of the downside risk – partly to justify the enormous fall in short-term interest rates which the Fed has engineered. Whitehall has been very reluctant to catch up with his thinking, and persisted in a Micawberish hope that something will turn up – partly because membership of the ERM forbids any dramatic easing of monetary policy in response to disappointing reality. This obstacle has led some monetarists to blame all our troubles on the ERM, but the parallel disappointments across the Atlantic, and indeed in Japan, show that this cannot be the whole story.

While there are marked contrasts between the three economies, the over-borrowing permitted during the late 1980s has led to a similar hangover in all of them. Property and asset prices have fallen, reducing personal and corporate wealth (most heavily in Japan); the banks have come under heavy strain, which has forced them to cut their lending and raise their charges (especially in the US); and personal and corporate spending has fallen as borrowers try to reduce their debt burden (most markedly in the UK). It is these confidence and wealth effects which have disrupted the forecasting models.

Biggest obstacle

However, if the disease looks much the same, the cures in the three countries are quite different. In Japan the biggest obstacle is the disgrace which the financial markets have suffered; it is almost impossible to finance new enterprises. In the US, which is at last beginning to face up to its national debt crisis (urged on, to much applause, by Mr Ross Perot), Washington has run out of prescriptions. The only promising stimulus must be sought from net exports (which have supported more than half of total US growth over the last five years); only this will raise employment and so revive the home market. The Americans will therefore continue to badger trade partners (especially Germany) for a stimulus, as they have often done before.

British commentators may also be tempted to badger the Germans, but ministers know better. The two countries share a central objective, to defeat inflation, and no-one (least of all Mr John Major) has ever believed that this would be easy or costless. With an election victory behind them, ministers will be more than ever ready to soldier on. If this involves some years of painfully slow growth, as it has in France, so be it – at any rate until the next election looms.

This need not mean that there is nothing the British can do except grit their teeth. In a fascinating speech in Rome the Bank of England's chief economist, Dr Mervyn King, argued that there is no inherent reason why the German rate of interest should be a floor for all other members of the ERM; it is simply a question of market confidence in their exchange rate commitment (in two words, street cred). He forecast that within the year someone would follow the French in testing this proposition by cutting domestic rates below those ruling in Frankfurt, and he can only have meant the UK.

There are two difficulties with this strategy. It may be hard for ministers to establish market credibility unless the trade figures improve markedly; and even if a King experiment succeeded, any likely rate cut would be small. There remain what Dr King calls "alternative ways of dealing with shocks" – tax adjustments and public investment. This is marginal stuff, again; it's still jam tomorrow.

John Plender on GPA, the aircraft-leasing company, ahead of its flotation

Full throttle for a turbulent take-off

Such is the complexity of the business of GPA Group, the world's largest aircraft-leasing concern, that a flotation would have posed problems at the best of times. As it is, the the worldwide sale of nearly 30 per cent of the enlarged ordinary share capital of this unusual company coincides with massive oversupply in the aircraft market and a shortage of credit for aircraft purchasers.

The combined placing power of Nomura, Yamaichi, Goldman Sachs, Merrill Lynch, Salomon Brothers, Schroders, BZW, Swiss Bank Corporation, plus further supporting cast, will no doubt propel GPA off the ground. Depending on the striking price, which will be fixed at between $10 and $12.50 by the global co-ordinator Nomura International when all the applications are in, the group will be capitalised at up to $3.56bn (£1.94bn). Yet many mainstream investment institutions remain uneasy about this Shannon-based phenomenon, which is making no profit or dividend forecast two and a half months into its financial year. A stampede is unlikely in London before Tuesday's final deadline for UK and Irish applications for the shares.

This may seem a mite ungenerous to the company and its founder Mr Tony Ryan. For an outfit that leases aircraft to predominantly Third World customers to have declared only a marginal reduction in profits from $281m to $279m (£152m) last year is a remarkable tribute to the resourcefulness of the management and just 317 employees.

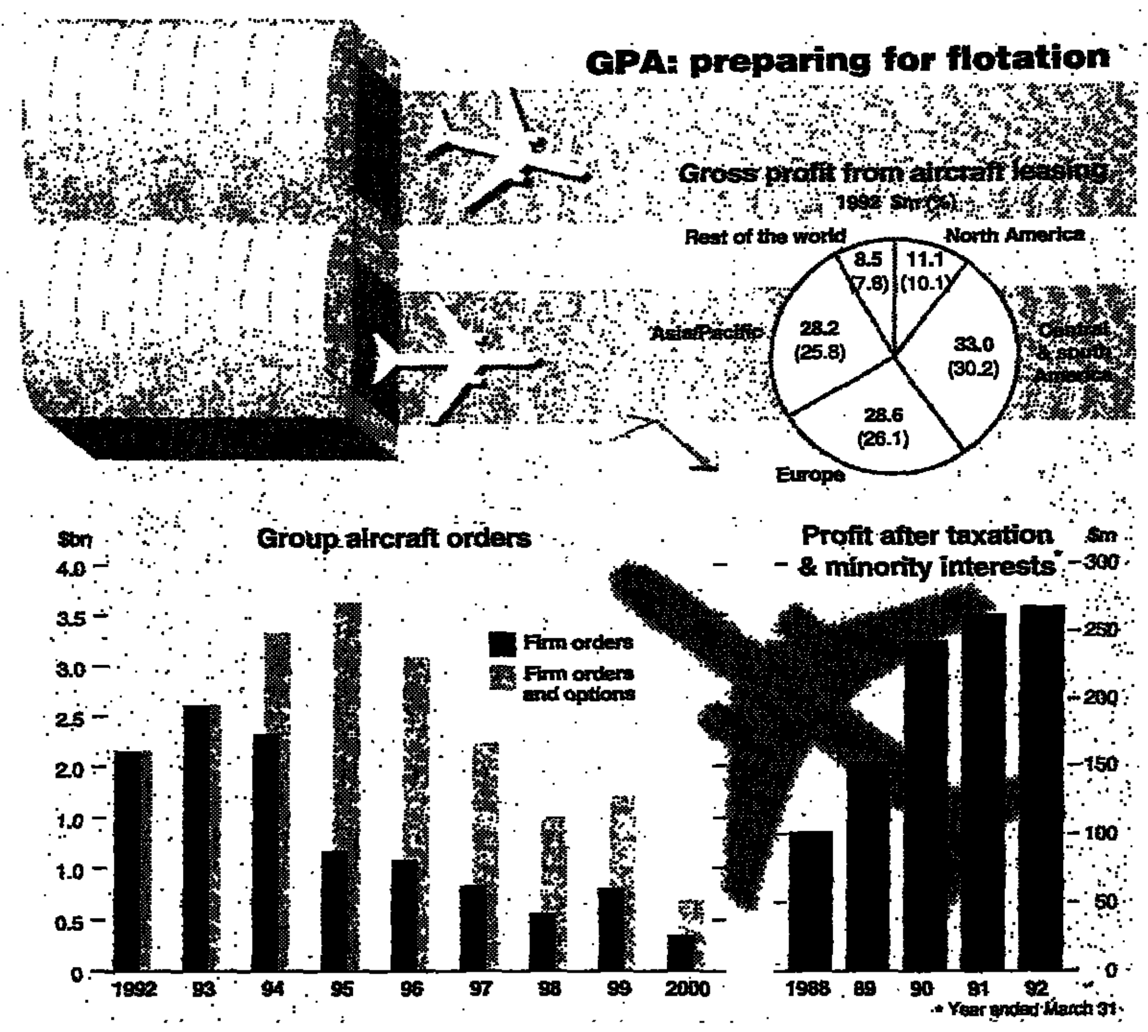
Nor are the frequent comparisons made between GPA's business and computer leasing very relevant. The risk of sudden obsolescence, which was the ruin of Atlantic Computers, is less worrying in a heavily regulated industry with long lead times like aircraft manufacturing. GPA's fleet consists chiefly of modern aircraft whose second hand values have held up better than those of older craft in the present market slump.

That said, the strain of keeping the show on the road in difficult times is writ large across the offer document. Even allowing for the fact that GPA's international share offer has had to satisfy the tough requirements of the Securities and Exchange Commission for cautionary statements, the caveats are formidable.

The first question mark that hangs over GPA is: how does a company with net assets of less than $2bn and borrowings of more than twice that level finance aircraft orders of £11.9bn over the rest of the decade, rising to £20.9bn if options are thrown in? The offer document bluntly states that:

- "there can be no assurance ... that adequate sources of capital will be available to fund the group's aircraft commitments";
- "the directors believe that there is limited scope for the company to arrange additional syndicated credit facilities with commercial banks"; and
- the decline in the number of aircraft sold last year reflects "the relative lack of finance available for purchasers in such transactions".

Against that background the directors have only been able to say that bank and other credit facilities are enough to fund the group's requirements to June 30 1993. It is an uncomfortable fact that GPA's very rapid profits growth from $107m to $279m in the five years to March 1992 (see chart) owed much to a climate of easy credit. In the present credit squeeze the group has shifted the financing emphasis from the banking system to the markets. Not only has it issued debt and commercial paper across the world; it has even sold future amounts receivable on operating leases. The picture that emerges is one of hand-to-mouth financing – this after the cancellation and rescheduling of aircraft deliveries on undisclosed terms.



The profit and loss account is under similar pressure. GPA derives its revenues from two main sources. One is leasing aircraft to airlines, which then pay GPA the equivalent of rent. The other is the sale of aircraft to groups of investors from whom GPA then leases the aircraft back before granting a sublease to an airline that operates the plane. A further 15 per cent of sales proceeds comes from sales direct to airlines. Continuing aircraft sales are essential in providing part of the cash flow to meet future capital commitments.

On the leasing side the number of non-revenue earning aircraft in the fleet has gone up to more than 10 per cent of the total and lease rates are weak because of the difficult trading conditions in aviation. Margins have declined, as they have on aircraft sales, in the past year.

A number of airlines which have leased aircraft from GPA are in financial difficulty and at March 31, eight lessees were deferring payments for rent, maintenance and fees. Meantime the formal documents state that the problems of America West Airlines, which is in Chapter 11 bankruptcy in the US and has 16 of GPA's A320 aircraft on sublease, could lead to a significant loss. This tale of woe is accompanied by a statement that the directors believe that these unfavourable trading conditions will continue at least until the end of the current financial year next March.

This brings us to the question of the quality of earnings. GPA's leasing operations last year accounted for nearly 30 per cent of gross profits; but in reality the contribution is higher, because all the cost of interest, depreciation and certain taxes are charged to leasing. None are charged to aircraft sales, the biggest source of revenue, which last year accounted for 57 per cent of gross profit.

In effect GPA is a financial intermediary between the aircraft manufacturers and the world's smaller airlines. By buying from manufacturers in bulk it takes the equivalent of a wholesaler's discount and makes a turn when it sells to investors or airlines at close to market value. But in buying aircraft, it exposes itself to several risks other than just credit risk. One is that airlines will not come forward to lease aircraft when GPA takes delivery. Another is that GPA sometimes takes on a longer head lease from the investors with whom it conducts sale and leaseback transactions than the sub-lease it extends to the airline. That is to say, there is a mismatch between the period over which GPA makes payments to the investors and the much shorter period in which revenues are receivable from the airline. In the year to March 1993 the company still has to find lessees for no less than 115 aircraft. In 1994 the figure is not much less at 97. No small challenge in present conditions.

The striking feature of GPA's profits from aircraft sales, which are inevitably of lower quality than leasing revenue because of their inherent one-off nature, is that they are extremely lumpy. The offer document reveals that sales proceeds tend to derive largely from a single country or market in any given year. In 1990, for example, the single sale to investors of 12 Airbus A320s that were on operating leases with Braniff of the US, whose subsequent bankruptcy cost GPA $110m in provisions, accounted for 31 per cent of all sales revenue that year.

The accountancy, though perfectly legitimate, is less than conservative. GPA takes all the profit on sale and leaseback deals up front, instead of spreading the profit over the term of the operating lease. In some sales it remains at risk in relation to the aircrafts' residual value because it guarantees to make good any shortfall on a subsequent sale by investors against stipulated values. No problem at today's values, but what might happen in future?

The sales are driven, in part, by opportunities for tax avoidance, which governments are often seeking to plug. Investors are also sensitive to the fact that aircraft in the early stages of their product life are prone to developmental problems and tend to have more limited appeal for airlines than established aircraft. GPA's future orders contain a significant number of Airbus A-320s, Fokker 100s and McDonnell Douglas MD-11s, which fall into that category and may thus present placement difficulties in the short and medium term.

GPA's response to questions about the sustainability of profits from aircraft sales is that it is constantly finding new ways of turning aircraft into financial assets for investors. Its final public offer document, published last week, reveals that it is close to selling 14 aircraft for $500m, equivalent to 44 per cent of last year's aircraft sales revenue, to a fund in which a single US institutional investor has taken a $100m equity stake, with the remaining money coming from public and private debt issues and placements, with GPA providing $50m-70m itself. Another such fund is planned shortly.

As far as the growing importance of newer aircraft in the order book is concerned, the management argues that its skill lies precisely in judging what investors and airlines will want many years ahead. The threefold growth in net attributable profits over the past five years lends strength to that assertion. As for the current trading problems in leasing, the company takes substantial security in the aircraft that it leases to airlines. It also identifies and addresses problems early by working closely with its clients and an effective marketing network around the world means that GPA it is adept at placing aircraft with other airlines. The fact that its profits have held up so well is a measure of the management's fleetness of foot in dealing with problems.

The trouble is that GPA is now of a size where this fast footwork is becoming harder to sustain, especially in adverse conditions. And there are big penalties if the growth machine goes into reverse. Under the purchase agreements with aircraft manufacturers GPA has to repay $72m of discounts and credits if it fails to take delivery of further aircraft under existing contracts. If investors' confidence in GPA's ability to find new lessees for their planes ever waned, future financing would become a nightmare.

Tony Ryan and his team deserve all credit for their past achievements. But this is a high risk share issue that private investors would do well to shun, even on a maximum price-earnings ratio of 11.8. Many British institutions, meantime, will be happy to give it a wide berth and leave the Japanese to make the running.

MAN IN THE NEWS: ***Derek Hunt***

Risky rise to millionaires' row

The management buy-out craze has produced some pretty strange millionaires, but perhaps none so unlikely as Derek Hunt, the man about to steer MFI Furniture back to the stock market with a price tag of £750m or more. He will get a £1.3m bonus when the flotation takes place.

Some of his edges have been smoothed since the boisterous northerner led the company's management buy-out in 1987. The raggle-taggle of blond curls has been replaced by a rather more consciously styled, slightly bouffant, hair-do. And he has caught what he calls the golf bug.

But he celebrated his 53rd birthday last Tuesday with his favourite brew, Newcastle Brown Ale, provided by one of the brokers to the issue. "A super touch," Hunt says.

There have been times in the years since the buy-out when it looked as though Hunt would not make it to the million mark at all. Hit by the rise in interest rates in 1989 – which had the double effect of depressing sales of furniture and raising the cost of the group's £500m of debt – MFI did well to escape the fate of rivals such as Lowndes Queensway, another leveraged buy-out in the household goods retail market which went into receivership in 1990.

Despite the trials of heading a retail buy- out in the worst recession since the 1930's the grammar school boy from Darlington, County Durham, has retained a genuine warmth and humour.

Asked what he is going to do with his £1.3m, less 40 per cent tax, he says that he and John Randall, the finance director, have decided that the best place for it is the Post Office Savings Bank.

It would be a far safer bet than the £80,000 investment he made in the £718m buy-out of MFI in November 1987. That original stake will give him between 0.2 and 0.5 per cent of the company's shares depending on the issue price.

The money could have been lost entirely. "A year ago it looked as though there was nothing in it for us," Hunt says.

He had not mortgaged his house as some of his colleagues did. But, he says, when you invest heavily in a business you work for, you can lose not only your savings but your income too. "And in my case any future prospects of employment."

At the outset Hunt and the 350 executives and managers who bought into the business expected to be able to cash in their investments within three years – and to make a big profit. Together they had 3.75 per cent of the company, which could have risen to more than 25 per cent if targets for the timing and price of the planned flotation were met.

Because the targets were missed, this group of investors will share between 2 and 5 per cent of the equity, which will be enlarged by the flotation.

Throughout the buy-out period Hunt has felt responsible for his colleagues' investments. Even while carrying £500m of debt, Hunt, a man whose build is reminiscent of his time as a rugby prop forward, says he felt the responsiblity to the employees was the heavier burden.

"You must remember why we did the buy-out in the first place," he says. "Asda put it up for sale."

The most embarrassing moment in the whole buy-out, Hunt recollects, was when the recession forced

a refinancing in 1989 which involved a rights issue. Hunt says that he and Randall "fought tooth and nail" to prevent the staff investors being asked to put up more of their savings. In the event, however, this could not be avoided. "I felt bad about that," Hunt says.

His loyalty to his staff is returned by a fierce commitment from them. Of the 9,000 employees, 1,500 have worked for MFI for more than 10 years.

Paul Whitney, chief executive of CIN Management, one of the backers of the buy-out and now a non-executive director of the group, says that one of Hunt's great strengths is his rapport with the staff right down to the grass roots. "They have tremendous respect for his abilities and that counts for a lot," he says.

His worst moment, Hunt says, was when Randall rang him on his mobile phone one day in May 1989 and said: "I thought I had to tell you, Derek, we're not going to make it." The business had run out of cash, interest payments were looming, and the team had to go back to its banks and shareholders for the refinancing.

At the time, Hunt thought MFI might fail. "During the refinancing there were times when I believed it could happen. But looking back we were quite a long way away," he reflects.

A fair part of MFI's survival must be down to Hunt himself. He is a determined man, "my wife calls me stubborn", he says. According to Randall: "We succeeded because Derek didn't know we were beat."

MFI's strengths included a management team which has been together now for 13 years and had run the business even before it was bought by Asda. "They are very much on top of the business," says Whitney, "responding fast to make adjustments."

Sales were volatile, but there was always an underlying core to the business which even in the worst year made a profit of £48.6m before the interest payments on its debt.

The business has not simply been run for cash as many highly-leveraged companies are. More than £250m has been invested in the business which has acquired the Schreiber brand of bedroom furniture, expanded into France, and developed and begun to roll out a new store format.

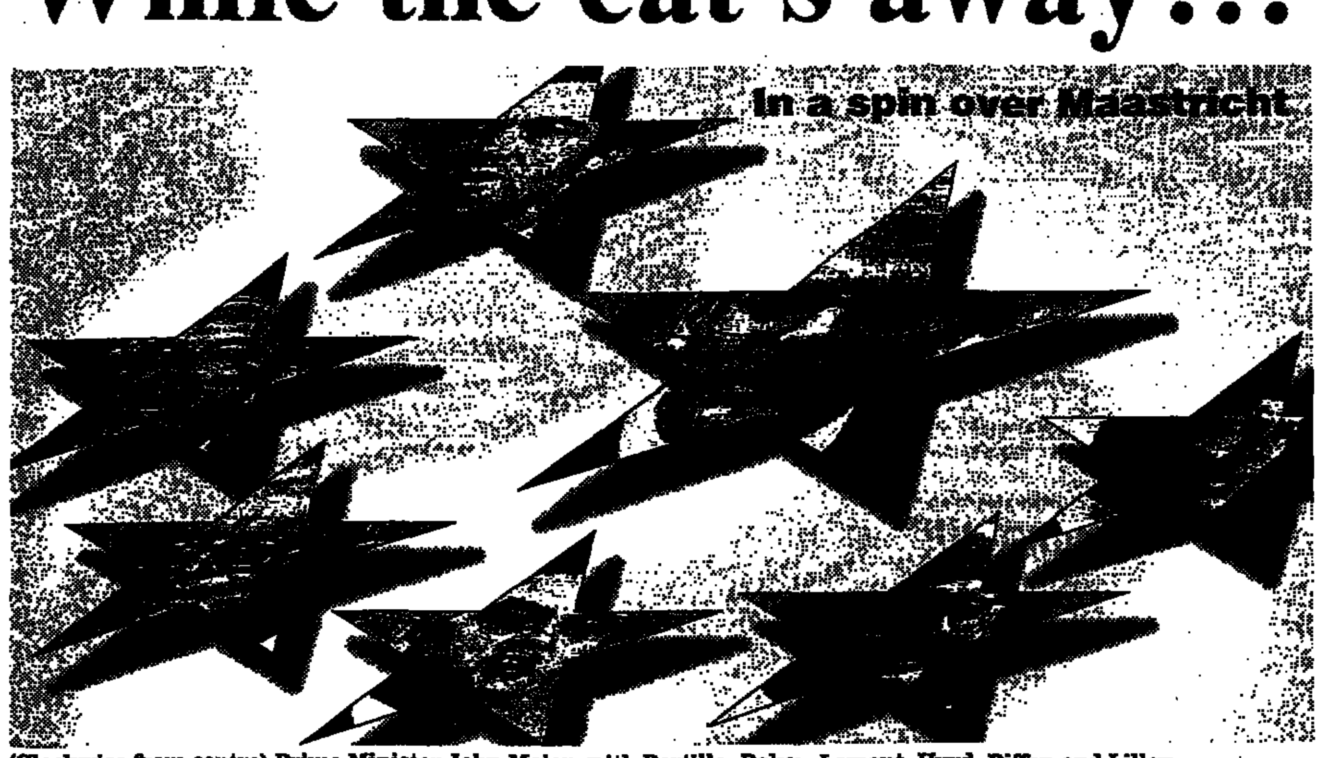
Hunt himself has been slimmed down though. He admits to losing three stones in weight since the buy-out, a reduction of a sixth. An attempt to give up smoking, though, has failed. Is it the pressure? "No, I'm just a nicotine addict," he says, but he has promised to give up again after the float.

What about the future? "When you've been where we've been you can deal with anything in business terms," he reckons. Meanwhile he is just going to enjoy the flotation and look forward to a golfing holiday, probably in Florida.

Maggie Urry

Ivo Dawnay says that renewed agitation among the Tories over Europe is more than a passing storm

While the cat's away…



(Clockwise from centre) Prime Minister John Major, with Portillo, Baker, Lamont, Hurd, Biffen and Lilley

If 50,000 Danes had opted to stay in bed one day last week, the British parliament would still be dozing in its post-election doldrums. Mr John Major, the prime minister, would be undisturbed on his Latin American tour and "the end of politics" would still be a viable, if dog-eared, topic for idea-starved pundits.

Instead, MPs have had some of their most excitable 10 days since Mrs Margaret Thatcher's resignation in November 1990. A cabinet minister has felt obliged to take the drastic step of issuing a statement of loyalty to his absent leader and the Conservatives' grudging acceptance of the Maastricht Treaty is eroding like a sand castle in a typhoon.

Meanwhile, the treaty's two keenest advocates have been virtually incommunicado: the prime minister abroad and Mr Douglas Hurd, the foreign minister, observing the protocol that demands he keep perfect media silence on the Queen's state visit to France.

With the bosses away, Conservative whips have been unable to staunch a Babel of opinionated voices on the implications of the Danish "no". At a cocktail party in Whitehall this week, senior ministers did their best to appear philosophical. One veteran of numerous Euro-controversies concluded: "There is no solution, not today, not tomorrow… but eventually we shall reach one."

Perhaps. But few in Westminster would describe this latest Euro-crisis as a passing storm. The forthcoming Lisbon summit of EC heads of government and the summer parliamentary recess at best offer Mr Major a lull for contemplation. But the task ahead – to unite his party and simultaneously keep the European Community moving forward through the UK's six-month presidency, which begins next month – poses real difficulties.

If the prime minister fails, he could by Christmas be leader of a bitterly divided party with his reputation as a conciliator – and the Maastricht Treaty – in ruins, and with Britain back in the slow lane of a two-speed Europe.

To some Tories, the Danes have changed everything. By boldly challenging Mr Jacques Delors' vision of Europe, they have also defied the UK government's claim that there is no alternative to the Maastricht compromise.

For the first time, Mr Major is being portrayed by *his followers* as not in the centre, but on the Europhile wing of his party and as such dangerously exposed. One usually loyalist MP commented that the leadership had "totally misjudged the mood" in the party. "Up until the Danes, we were voting for what we were told was the best deal available in the circumstances – that we were boxed in," he said.

"We were also sold the treaty on grounds that all 12 countries have to agree it. Now one country has not, it is a totally new ball game."

That view is now so widespread that the Danish question – "to ratify, or not to ratify" – is no longer appropriate. In spite of Mr Hurd's undertaking at a meeting of EC foreign ministers last week to press on with ratification, the question has now to be hedged with the rider "but not yet".

Privately, the Tory party's backroom number-crunchers know that, in its present mood, there is no chance of getting the Maastricht Bill through the House of Commons. Last month, 22 Tory MPs voted against the bill's second reading. By Thursday, 87 MPs had signed a motion calling for "a fresh start" aimed at creating a European *Economic* Community and a common market.

Their view that the UK can now use its presidency to promote a non-federalist blueprint for a Europe of free trading nations has been deemed naive by Mr Major's camp. Yet the signatories to the motion are tacitly backed by more formidable party figures, from ex-cabinet ministers Mr Kenneth Baker and Mr John Biffen to current cabinet members. Whatever their claims to the contrary, Mr Peter Lilley, Mr Michael Portillo and Mr Norman Lamont are all associated with the heresy.

With Labour poised to use the Danish vote as a pretext to oppose ratification of the treaty, just 30 rebel Tory votes against a guillotine motion – limiting the time for debate in order to head off a filibuster on the bill – could kill it forever.

The threat to oppose the guillotine will not be issued publicly by the now more organised, subtle and broadly based anti-Maastricht lobby. Rather than hectoring, Mr Michael Spicer, the urbane former energy minister heading the resistance, suggests that the treaty simply be put to one side. Britain would then pursue its presidency aims of completing the single market and promoting EC enlargement.

Arguing that the UK's goals mesh well with those of the Efta and central European states applying to join the Community, Mr Spicer says that those who want a Euro-superstate must take that step on their own. "The agenda *should switch back to what it* was before the Commission was allowed to take it over. The tide of history may have turned, and may be moving at last in Britain's direction."

So far, government loyalists have decided to roll with the punches. But there is a strong pro-Maastricht lobby which would like the whips to give what is seen as an over-cocky new intake a crash course in Westminster *Realpolitik*.

While the tough Mr Richard Ryder, chief whip, plays it hard, the emollient Mr Major will explain more delicately the dangers of a two-speed Europe over whisky and soda at Number 10.

In the meantime, the government hopes that Thursday's Irish referendum, the Lisbon summit later this month and the French plebiscite in September may throw up new options and cool the headstrong at home and abroad.

Several experienced hands believe that, with minor adjustments, the *status quo ante* can still prevail. A new commitment by the Commission to devolve powers back to national capitals, a declaration by the 12 to that effect, and a symbolic UK victory – say, on the right to maintain border controls – and opinion could turn back quickly, they say.

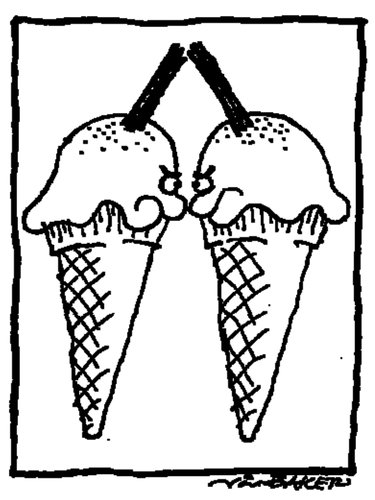
Yet there are no guarantees. Mr Major cannot easily repudiate a treaty he hailed as a triumph. But a trial of strength with the hard-line rebels – an appeal to "trust me" – could turn retabling the Maastricht Bill into a vote of confidence he cannot afford to lose.

If luck is not with him the prime minister may be forced to choose between his obligations as EC president and his need to keep his party behind him. Most believe that of the two, the party takes priority. "Whips," said one old Westminster hand this week, "know not to allow anything to go to the vote if there is the slightest danger that they might not have the verdict sewn up."

Like a besuited Sisyphus, Mr Major has just seen the rock he so painstakingly pushed up the mountain to the April 9 general election, tumble back to the bottom. An *idle summer* in England's cricket pavilions is no longer on the cards.

The next cold war

Ice-cream makers are in dispute. says **Guy de Jonquières**



It is not yet high summer, but the temperature is nearing boiling point in Europe's ice-cream industry, where competition for the £6bn market has erupted into an acrimonious legal battle of the kind which keeps lawyers in Savile Row suits.

The conflict has set Unilever, the big Anglo-Dutch consumer products group which dominates the business, against Mars, maker of chocolate bars, petfood and Uncle Ben's rice, which has shaken up the previously sedate world of ice cream since it stormed into the market three years ago.

Invective is flying. Unilever executives describe Mars as a "pirate", while managers of the private US company have shed their habitual secrecy to condemn Unilever as a greedy giant bent on freezing newcomers out of the market.

At the heart of the dispute is control of distribution. This is a vital competitive weapon in every area of food manufacturing but is particularly important in ice cream, which must be kept refrigerated from factory to shop.

Hostilities first broke out two years ago, when Unilever obtained a court injunction in Ireland preventing Mars ice cream from being stocked in retail freezer cabinets owned by Unilever. Mars appealed on the grounds that, by excluding rival products from its freezers, the Anglo-Dutch group was infringing EC competition rules. But two weeks ago the Irish High Court rejected the appeal.

Meanwhile, Mars had opened up a second front by complaining to the European Commission about Unilever's freezer arrangements and about agreements used by Langnese-Iglo, a Unilever subsidiary, and Schöller, another big manufacturer, to exclude competitors from German retail outlets.

In March, the Commission suspended until the end of the year the German retailer agreements, saying they would "seriously and irreparably damage" Mars's business. It also promised to investigate the exclusive freezer arrangements which, it believed, restricted competition.

Langnese and Schöller then appealed to the European Court of Justice, which last month lifted the *Commission's suspension of the* German retailer agreements while its learned members took time to acquaint themselves with the finer points of the ice-cream business. Yesterday, the court confirmed its suspension of the Commission order, but opened 18,000 German petrol stations to Mars freezers.

As the peak ice-cream season gets under way – mid-June to mid-August – the main theatre of battle has shifted to the market.

The summer trade depends heavily on "impulse" sales, traditionally from small retail outlets, as opposed to "take-home" purchases made in larger quantities at supermarkets. Mars has successfully penetrated the latter market, where exclusive freezer arrange*ments do not apply, but seeks* future growth from impulse buys.

Though these are less than half of ice-cream consumption by volume, they represent two-thirds of the value. That difference owes a lot to a recent shift towards higher-priced ice cream pioneered by Mars. Haagen-Dazs has recently taken the process a step further by creating a "super-premium" market for even pricier ice cream.

Mars's stroke of genius was to invent a market by developing ice-cream versions of its chocolate bars, which sell in the UK for about 60p. Their success has prompted traditional ice-cream makers, including Unilever, Scholler and Nestlé, to launch rival products.

Mars has built a £40m ice-cream *factory near Strasbourg, eastern* France, from which to supply the whole of Europe. But to be economic, the 50,000-tonne capacity plant needs large production volumes, which means big sales.

Mars owns 14,000 non-exclusive retail freezer cabinets, mainly in the UK, and also has agreements to use freezers owned by rivals such as Clarke Foods in Britain. But Mars says it is costly to maintain its own freezers just to sell eight products. In any case, the company says, many small shops have room for only one freezer, which is often already supplied by Unilever.

Simon Bullimore, UK managing director of Mars, argues that Unilever is unfairly weighting the odds against smaller rivals. "It means only big competitors with a full range of products can enter the market," he says.

Unilever ripostes that such protestations sound hollow from a company with sales of more than $9bn a year. Furthermore, Unilever says its freezers are its property, in which it has invested large sums to buy and maintain. "If Mars get a free ride in our freezers, the next thing they'll want is to use our factories," snorts one executive.

In any case, he says, the purpose of keeping cabinets exclusive is not to restrict competition but to ensure that products reach consum*ers in good condition and to sim*plify stock control. Predictably, Mars scoffs at such arguments.

Each side says it will fight the legal battle to the end and insists it is confident of emerging victorious. Given that the wheels of Brussels bureaucracy and EC justice can turn exceedingly slowly, many more months are likely to pass before the ice-cream war is finally decided. But as Europe prepares to head for the beaches, Commission officials and European Court judges dealing with the case can at least look forward to the prospect of some enjoyable first-hand research.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Sure way to demoralise trainees

From A H J Miller.

Sir, In all the comment on the activities of the National Council for Vocational Qualifications, no mention seems to have been made of the effect of delays in implementing NVQs on those who are meant to have been benefiting – the trainees themselves.

I have been helping a client planning to introduce NVQs across the complete spectrum of his employees. Encouraged by a grant obtained through the local Training and Enterprise Council, and committed to the principle of a better trained workforce, the company started young trainees on Level 1 last autumn in a pilot scheme.

They are now reaching the *stage when they should* be assessed on at least part of their work. Considerable time and money has been invested to ensure that trainers have been trained, assessors accredited (a pre-condition of the grant), and the whole workforce involved in planning a wider programme to cover everyone.

We were assured by the industry lead body, which has been helping in the training, that standards would be set and assessment processes validated by the end of March. Enthusiasm and commitment has been generated at all levels. We now learn that not only has the date slipped, but that we may not have approved procedures even by the year end.

It is difficult to discover who is to blame. What is of equal concern is that no-one outside the company seems to be worried or surprised. In the meantime, we are faced with the consequences of much wasted effort and *a potentially demor*alised staff, whose enthusiasm will be that much more difficult to re-kindle. What price now the government's undertaking that 80 per cent of the national workforce would be covered by NVQs in 1992?

A H J Miller,
managing director,
Miller Brand & Co,
36 Spital Square,
London E1 6DY

More explicit rules of behaviour for utilities' regulators needed

From Lord Skelmersdale.

Sir, Your leader "Time to review the regulators" (June 10) is right to call for a review of the regulatory process, but not for one quango, the Office of Fair Trading, to review a *series of others, namely the* regulators. Only the sponsoring government departments the Department of Trade and Industry and the Department of the Environment, acting in concert, can do the job effectively.

There are, though, other reasons for a review, beyond those you *state*. The proper role of the utility regulators is to balance the interests of the customer with those of the company's shareholders. The regulator should act as the referee, carefully and impartially enforcing clearly stated rules which are agreed between the utilities and the regulators for periods in excess of one year.

Unfortunately the rules of the regulatory game are vague *and the regulators have huge* discretion over how they apply their powers. Their unpredictable intervention is now increasing the uncertainty in the utility industries. The regulated companies will be reluctant to invest where the risks are rising but the returns are eroded. And investment in Britain's infrastructure is not something we should allow the regulators to deter, however unintentionally. They must be mindful of the needs of future customers as well as the wishes of today's.

Any inquiry into the regulators must therefore recognise that more explicit rules of regulatory behaviour are needed to provide a more stable business environment. It must also *recognise that utilities need an* adequate rate of return to encourage investment in the hugely expensive, long-term capital projects that are so important to this country's competitive position.

If unchecked, the present short-sighted approach will damage the interests of customers – the very people the regulators so publicly claim to be protecting.

Skelmersdale,
House of Lords,
London SW1

Names should fight levy

From Mr Steven A Parnes.

Sir, Despite all the adverse publicity and the personal ruin of thousands of Names, the Council of Lloyds has found a way out of its problems by increasing the central fund by levying Names. There is no suggestion that underwriting agents, members' agents or brokers should suffer a levy themselves.

It would appear that the "cannon fodder" can be relied upon to "cough up" still more money for the excesses, incompetence and ineptitude of the underwriting agents, members' agents and brokers. Central fund levying may be appropriate if these bodies were also asked to contribute significantly; instead we read that many underwriters' pay at Lloyds is in the many hundreds of thousands of pounds and syndicate expenses have been frozen.

I believe Names should fight this central fund levy proposal with bitter determination.

Steven A Parnes,

21 Sheldon Avenue,
Highgate, London N6 4JS

The other Charlie at Revlon

From Mrs Jaquine du C Arnold.

Sir, In your article "Revlon to sell 20m shares in move to pay down debts" (May 27) you described Charles Revson as "Revlon's eccentric founder".

The only inaccuracy in this description with which I would venture to take issue is that he might more correctly be described as co-founder. Some of your lady readers may recall the name of one of Revlon's more famous scents – "The Two Charlies" – a recognition of my late husband Charles Lachman's role.

He provided the initial capital and was the chemist who, with a painter's eye for colour, mixed the nail varnish from the chemicals and other ingredients he had devised, in a bath tub in Florida with an intrigued Revson looking on.

Charles Lachman was retiring and modest, always giving full credit to the energetic marketing genius of Charles Revson, and he stood back in later years from the corporate affairs of Revson.

Nevertheless, without his foresight, chemical training and financial backing Revlon could not have been founded as it was – he took quiet pride in the fact that the "L" in Revlon stood (and still stands) for his surname, Lachman.

Jaquine du C Arnold,
Quinta do Convento da Trindade,
Sintra, Portugal

Unfair picture presented of water services' operational and investment activities

From Mr William Courtney.

Sir, The director-general of water services last Tuesday published a considered and objective report which highlighted an increase in complaints. He made it clear that the increase was low – four in every 10,000 households or 0.04 per cent. He also stated that there was no evidence to link this increase to any decline in standards of service.

However, the media fastened on the increase and went on to link this with high profits, high prices and high salaries. With only a few exceptions, the media presented a picture of monopolies failing the nation whose customers could look only to the director-general for protection.

This picture is a travesty of the truth.

The facts are that standards of service and water quality are higher than ever before and still improving. Investment is higher in real terms than at any time in the past 100 years, with nearly 100 per cent of works now meeting the standards currently required.

Discharges to bathing waters will meet the current standards by 1995 or soon after.

Over 70 per cent of profits are reinvested. Amounts distributed to shareholders are less than were previously paid in interest to government. Prices are rising solely to pay for higher investment. Top salaries and other perquisites are less than in other businesses of comparable size.

The positive change in attitudes to customers between the previous authorities and privatised companies is very marked, as demonstrated in their own market research and also the recent customer survey carried out for the director general by MORI.

We now have highly effective, efficient, profitable water companies, providing higher standards of service. We have left behind companies which were under-resourced, under-invested and subject to constant political interference.

From 1947 the public and parliament groaned at the burden of inefficient, loss-making, nationalised industries. We now have a model that is successful. Our best inventions are said always to be derided at home and exploited abroad. *Is this now going to happen* with privatisation?

We ask only that the media and the public look at the facts and judge us fairly on performance. Such an objective appraisal would lead any reasonable person to welcome the new *model of private water* companies under public regulation and to encourage the companies to get on and complete the job they have started so successfully.

William Courtney,
Water Services Association,
1 Queen Anne's Gate,
London SW1H 9BT

Construction shaken by Taylor Woodrow

By Andrew Taylor, Construction Correspondent

SHARE PRICES of construction companies dived yesterday after Taylor Woodrow, one of the biggest companies in the sector, warned that dividends would be reduced considerably this year due to lower-than-expected profits.

Mr Colin Parsons, chairman, speaking at the group's annual meeting, said that there was no sign of the deep recession ending in the UK housing and commercial property market.

He warned that cashflow remained under pressure. Borrowings as a result were likely to increase during the rest of this year.

In an attempt to generate cash the company was planning to sell Greenham Construction Materials, a small aggregates business. It would also be looking to make further reductions in staff as well as cutting other overheads.

Taylor Woodrow's shares fell 10p to 94p following the warning. The price compares with an issue price of 200p in April last year when the company raised £162.4m in a rights issue.

It was the second time this week that a chairman of a large construction group had issued a profits warning. On Tuesday Sir Eric Pountain, chairman of Tarmac, Britain's biggest housebuilder and a large building materials group, warned the group could have made a loss in the first half of this year.

Tarmac's share price yesterday fell 5p to 115p as other construction stocks took fright from Taylor Woodrow's warning. Costain fell 5p to 52p while of John Mowlem was down 9p to 120p.

Mr Mark Stockdale, construction analyst at SG Warburg who attended yesterday's annual meeting, said: "Trading conditions are even worse than we had thought. A number of contractors are likely to be under severe pressure to cut dividends this year. There is a strong possibility that company share prices will fall even further.

"We had been forecasting that Taylor Woodrow would make about £37m pre-tax profit this year. Clearly it is now going to be less than that," he said, adding that forecasts were likely to be downgraded for other construction companies.

At the time of the rights Taylor Woodrow said it needed the cash to take advantage of opportunities provided by the recession to acquire housing and commercial property assets at favourable prices.

Since then its fortunes have slipped. The group last year made pre-tax loss of £2.7m after exceptional provisions of £46.5m to cover potential losses on construction contracts and write-downs of property assets.

Three months ago Mr Parsons, previously head of Taylor Woodrow's Canadian operations replaced Mr Peter Drew as chairman. Mr Parsons told shareholders yesterday that one of his first tasks had been to "carry out a number of changes at board level to clarify decision making process and provide a clear allocation of responsibility."

Eye-opener leaves management in tatters

Paul Abrahams examines the background to Fisons' surprise profits warning

FISONS, the former fertilisers group, is back in the mire.

A profit warning yesterday sent shares in the Ipswich-based pharmaceuticals and scientific instruments group tumbling.

In a statement, Mr Patrick Egan, group chairman, warned that profits for the first six months were likely to be less than half of last year's total of £95.2m.

Excuses were coming thick and fast yesterday, but analysts have become increasingly disinclined to believe them.

In March Mr Egan said he was confident most of the group's difficulties lay behind it. After only four months the credibility of the new management is in tatters. The company's future independence is increasingly in doubt.

The profits fall may have been a nasty surprise, admits Mr Cedric Scroggs, chief executive, but the reasons for the shortfall are not new.

On the revenue side the company continues to suffer from the US withdrawal in 1989 of Opticrom, its eye treatment, and in 1990 of Imferon, a blood product. The US Food and Drug Administration (FDA) asked for the withdrawals following quality control concerns.

Both products remain off the market. FDA officials visited the offending site in April. In spite of massive investments by Fisons they failed to clear the drug and made further observations about Opticrom's manufacturing processes.

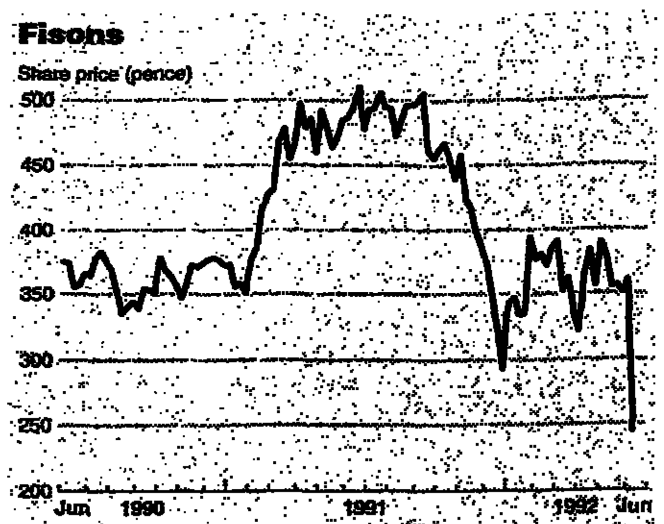
Opticrom is now unlikely to be relicensed in time for the US rag-weed season which starts in August. Six to eight weeks will be needed to feed the product through the distribution channels.

As for Imferon, Mr Scroggs has hired external consultants to decide whether it is worth the £25m to £30m necessary to upgrade production to FDA standards.

Meanwhile, the company admitted yesterday that other products had also been hit because of manufacturing difficulties.

"The new technical management are determined not to continue production at plants which fail to manufacture at the best possible standards. We want to make sure that none of our products have any further regulatory problems. This has had an effect on sales during May and June," says Mr Scroggs.

As a result, both Tilade, an asthma drug, and Opticrom have been in short supply outside the US, he admits. UK distributors have complained recently that Tilade is virtually impossible to find. Norton Healthcare, a subsidiary of Ivax of the US, launched a generic version of Intal this month costing 20 per cent less. The group says its new product



is selling exceptionally well.

Meanwhile, Fisons' volume short-fall has coincided with an increase in costs associated with fixing the quality control issues, says Mr Scroggs.

In addition, the scientific equipment division, where Mr Scroggs made his reputation before he was appointed chief executive in April, is also suffering from a shortfall in sales. However, Mr Scroggs insists the division is not in trouble and has genuinely good prospects.

Fisons's management is desperately in need of good news. Last month the company announced it wanted to sell its horticultural and consumer health businesses. Analysts fear the present difficulties may undermine the price Fisons can generate for the businesses. Previous estimates valued them at between £300m and £400m.

Mr Scroggs denies he is in a hurry to sell the divisions, insisting the company is financially strong and not short of cash. There is no need for fire-sales, he argues.

He says the confidential memoranda describing the divisions will be published by the first week in July and negotiations should then start with a number of companies that have already signed confidentiality agreements. Mr Scroggs says these groups are serious and not "tire-kickers."

If good news fails to materialise and the share price falls low enough, some analysts believe the group could be vulnerable to a takeover.

However, contested takeovers in the pharmaceuticals industry are virtually unknown because so much of their value is dependent upon employees who might be alienated in a messy contested bid.

A friendly takeover is more likely, especially as few companies are likely to want to acquire a business like Fisons without knowing the full extent of its difficulties. However, Mr Egan has publicly said he is not interested in such a deal.

Given that a hostile bid is unlikely and a friendly one publicly rejected, shareholders must be wondering how the company extricates itself from its present predicament.

The full extent of the sales shortfall is still unclear from the statement. Opticrom had sales of only $40m (£22m) before it was withdrawn. Questions must be asked whether it is worth the effort of bringing the product back to market.

Given that none of the board have any experience in pharmaceuticals it is far from clear whether it has the expertise to judge the issue. One thing is clear, the relaunch of Opticrom will be the most expensive in pharmaceuticals history.

BET profits may be slashed under accounting guidelines

By Richard Gourlay

PRE-TAX profits at BET, the business services group, could have been almost wiped out by exceptional charges when the group reports its annual figures on Monday.

Profit are expected to have fallen from £215m in the year to March 1991 to about £110m before exceptional charges which the highest market estimates place at about £50m.

Due to changes in accounting treatment introduced by Mr Robert Mackenzie, the new finance director, exceptional charges could be almost double this figure.

The market is already expecting a halved total dividend, which will barely be covered by earnings, following a tough year in joinery, personnel and plant hire.

Mr Mackenzie joined BET in December and is understood to have chosen to make substantial write-downs in the value of net assets such as plant and buildings above the line.

The majority of the exceptional items are believed to be non-cash items.

BET is one of the first sizeable companies to report using new guidelines suggested by the Urgent Issues task force of the Accounting Standards Board.

As a result it is likely to be reporting extremely large extraordinary charges relating to goodwill previously written off on acquisition of businesses which now has to be passed back through the profit an loss account when those businesses are subsequently sold. This treatment is designed to demonstrate the true profit or loss on sales of businesses.

Since Mr Nicholas Wills resigned as chief executive in April 1991, Mr John Clark, his replacement, and the new team have been trying to reverse the errors that led BET in 1991 to its first earnings decline in a decade.

Warning hits Whitecroft

By Angus Foster

SHARES IN Whitecroft, the building products, lighting and textiles group, fell sharply again yesterday following its profit warning and change in dividend policy.

The shares fell 20p to 72p, following their drop from 131p on Thursday.

The company intends to cut its final dividend to 0.7p. This compares to the 7.7p forecast when it announced interim results in December and at the time of its rights issue last year.

Profits for the year to March 31, to be released next Tuesday, will be at the bottom end of market expectations, it said. Forecasts have ranged from £4.5m to £5m.

Mr Peter Goold, chairman, said the decisions were made following a review of prospects for this year.

An expected fall in value of the property portfolio will be provided for as an extraordinary item.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am't Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	288	275	Brazilian Inv Tst Units	275		-	-	-	-
-	F.P.	-	4	2	Brent Walker Wts to Sub	3		-	-	-	-
-	FP	-	32	32	Dwyer A	32		-	-	-	-
-	F.P.	-	106	103	Grosvenor Inns	103		H4.0	-	5.2	-
75	F.P.	-	90	83	‡Hughes (T.J.)	83		W2.25	2.2	3.6	17.1
110	F.P.	-	150	143	Industrial Control Servs	150		R3.6	2.0	3.2	16.9
£10½	F.P.	-	£12½	£10½	Latin Am Inc & Appr. 1c	£10½		-	-	-	-
-	F.P.	-	41	34½	M & G Recovery Inc.	40½		F3.75	-	12.3	-
-	F.P.	-	25½	12½	Do. Capital	24½		-	-	-	-
-	F.P.	-	65	46½	Do. Geared Units	64½		F3.75	-	7.8	-
-	F.P.	-	122	98	Do. Package Units	122		F3.75	-	4.1	-
-	F.P.	-	11	¼	Multitrust Warrants	11		-	-	-	-
§122	FP	-	138	138	Vega	138		L2.29	1.9	2.2	20.7
-	F.P.	-	26½	22½	Welpac (RFD)	26		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
-	F.P.	-	15p	8p	Brent Walker Var Rte 2nd Prf '00/07	12p	
-	F.P.	-	12p	5p	Do. 8½pc 3rd Non-Cum Cnv Prf 2007/10	6p	
-	F.P.	-	100½p	100½p	Cupons Oil 11% Cnv ULS 94/97	100½p	
100p	F.P.	-	105¼p	102½p	Commercial Union 8¾pc Cm Irrd Pf	104½p	
-	F.P.	-	59¼p	48½p	M & G Recovery Zero Div Prf 1p	59p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
285	Nil	9/7	64pm	44pm	BICC	44pm	-7
200	Nil	22/7	41pm	18pm	Blue Circle	18pm	-7
230	Nil	-	40pm	30pm	EMAP	37pm	+3
14	Nil	16/7	4pm	1¼pm	Eadie	1¼pm	-1¼
5	Nil	15/7	¾pm	¼pm	Europa Minerals 2p	¼pm	
57	Nil	19/6	¾pm	¾pm	Fulcrum Inv. Trust Inc.	¾pm	
95	Nil	12/6	20pm	5pm	Ingham	5pm	
75	Nil		15pm	4pm	Marshalls	4pm	-5
190	Nil	22/7	43pm	40pm	Pittencrieff 10p	40pm	
280	Nil	24/6	228pm	130pm	‡Protean Intl	150pm	-20
15	Nil		9pm	5pm	TLS Range	5pm	-1
400	Nil	10/7	110pm	70pm	Transfer Technology	70pm	-5

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings June 8
- Last Dealings June 19
- Last Declarations Sept. 3
- For settlement Sept. 14

3-month call rate indications are shown on page 9.

Calls in: Alvis, Headlam Group, Lucas Warrants, Oliver Res., Racal and Ratners. Put in: FNFC. Put & Call: Fisons.

Staveley questions wisdom of new salt price restriction

By Peggy Hollinger

MR BRIAN Kent, chairman of Staveley Industries, yesterday said the tighter restrictions on salt prices announced earlier this week could force the UK's two producers to move increasingly away from basic bulk white salt.

On Thursday the Department of Trade and Industry announced that price increases, restricted since 1987 to the rise in production costs minus 1 per cent, would be tightened to production cost growth less 2 per cent until 1997.

Mr Kent said this could force producers to concentrate on higher added value products such as water softening agents and dishwasher pellets, which are not affected by the restraints.

Salt continued to be Staveley's best-performing business in the year to April 4 when pre-tax profits fell almost 14 per cent to £24.2m. Sales declined 10 per cent to £298.3m.

The largest decline came in the weighing division, where the operating return tumbled 39 per cent to £8.1m amid start-up problems with a German factory and the collapse in defence-related business.

Earnings per share, depressed by the £27m rights issue in June 1991, fell from 20.6p to 16.6p. The final dividend is maintained at 5.9p, for a total of 8.2p (8.2p).

● COMMENT

About the only disappointment in these results was Brian Kent's failure to pull a new chief executive out of his magic hat. Salt continues to come up with the cash, and mechanical and electrical engineering is remarkably resilient. Measurement shows good prospects for recovery, when one eventually comes. The risks are that the German factory proves a deeper thorn than thought, and the measurement order book takes longer than planned to rebuild. But even so, forecasts ranging from £24m to £28m make the shares – on a prospective p/e of 11 – look good value.

BM bid for Thwaites is referred to the MMC

By Peter Pearse

MR MICHAEL Heseltine, the secretary of state for trade and industry, yesterday referred to the Monopolies and Mergers Commission the proposed acquisition of Thwaites, the Leamington Spa-based site dumper company, by BM Group, the construction equipment manufacturer.

It is thought that BM consulted the Office of Fair Trading confidentially over whether it would run into problems with the proposed purchase but that in order for OFT to ascertain this, it could not remain confidential.

The DTI considers that it "raises competition issues in the supply of site dumpers in the UK". Beyond that official statement, its press office could throw little light on the referral.

The combined BM/Thwaites group would have between 80 and 85 per cent of the UK site dumper market, though Thwaites currently has about 50 per cent in dumpers with ¾ to 8 tonnes payload.

However Mr Roger Shute, chairman of BM, said the two companies make different types of dumper – for example BM's are two wheel drive and Thwaites' are four.

And he claimed that in areas where BM was weak, Thwaites was strong and vice versa.

He was not surprised by the referral but added that it ran across the idea of looking beyond the UK market to Europe and the rest of the world.

He would be most interested in Thwaites' export side. Only about 20 per cent of BM's business is in the UK.

Also BM had not made a firm offer; bids for Thwaites had been invited and a handful of companies are on the shortlist.

Because of this Mr John Webb, managing director of Thwaites, said he was unable to comment at this stage.

The MMC will make its report by September 11.

Increased loss at Owen & Robinson

By Maggie Urry

OWEN & Robinson, the jewellery and sports shoe retailer, reported an increase in pre-tax losses from £638,000 to £2.9m for the year to January 31, and again is not paying a final dividend.

It was also announced yesterday that Mr Maurice Dwek, chairman, had resigned as head of Arlen, the electricals group, and was expected to devote more time to O&R.

Mr Dwek, who ran Dwek Group, a mini-conglomerate, and set up Seaforth Investments, an industrial investment group, has brought in new management at O&R. Mr Alan Gaynor, who ran the Underwoods chemist chain, and Mr Mike Smith, formerly finance director of Laura Ashley, arrived in April.

Mr Gaynor said yesterday that they had already identified and removed overheads, saving £1m in a full year. This had involved 100 redundancies. He said the core Gold Centre business was sound but had expanded too fast, almost doubling in size last year.

As a result, group sales rose 45 per cent to £26.3m in 1991-92. However, gross profits were held back by price cutting in the all-important Christmas period.

Exceptional costs of £832,000 and an extraordinary debit of £1.15m (£5.48m), the dividends on the preference shares and the cost of the 0.15p interim dividend, meant a transfer from reserves of £5m (£6.9m). Losses per share were 11.62p (8.08p).

Enlarged Neotronics dips

NEOTRONICS Technology, the measuring instrument manufacturer, reported profits of £1.14m pre-tax for the six months to March 31.

The outcome, down from £1.51m at the same stage of the previous year, took in losses of £66,000 from Laser Monitoring, acquired last May, and £308,000 from Solomat Instrumentation, purchased at the beginning of this year.

Exceptional charges of £106,000 related to redundancy and reorganisation costs at Solomat.

Turnover of the enlarged group was £9.29m (£7.9m). Earnings per share dipped to 2.77p (4.05p) but the interim dividend goes up to 0.85p (0.8p).

Control Techniques disposal

By Angus Foster

CONTROL Techniques, the electronic drives and controls group, yesterday announced the sale of its loss-making process control division for £350,000 to Coreci of France.

This would allow it to concentrate on its automation and variable speed drive business. As part of the sale, Coreci will also take on £1.2m of third party debt.

In the year to September 30 1991 the division incurred pre-tax losses of £480,000; its net assets were £992,000.

Control Techniques also announced its results for the half year to March 31 1992, showing pre-tax profits ahead from £1.1m to £1.57m.

The group, 29.9 per cent owned by Emerson of the US, increased turnover to £43.2m (£29.9m).

Earnings per share were unchanged at 2.3p and the interim dividend stays at 2.15p.

Richard Gourlay looks at the spate of impending stock market flotations

Investors could be spoiled for choice

INVESTORS LOOKING for some excitement will be spoiled for choice from the raft of new companies about to be floated on the stock exchange.

Those with memories that stretch back to the pre-big bang spate of flotations may remember that they frequently either went spectacularly well or were comprehensive flops.

This time around, the flotations are likely to be different. In the first place, the size is generally significantly larger than those in the mid 1980's.

Many of them, like GPA, Wellcome and 3i are long established companies rather than new entities that have grown rapidly and are coming to market with relatively little following.

In short, the markets and the companies are likely to be better understood and pricing should be more competitive - that is to say, there will be less opportunity for huge premiums after flotation.

In that sense, analysts say, many of the flotations will resemble recent privatisations where the companies generally operated in known markets with known managements.

From the companies point of view, the spate of flotations means that they believe the economy is moving into a recovery cycle albeit hesitantly or slowly.

Many will be floating to reduce MBO debt and gearing and to allow the MBO teams to emerge from under the shadow of personal guarantees secured on their houses to an altogether rosier world.

There is no central register of flotations so the above chart may not be comprehensive.

PLANNED FLOTATIONS

Prospectus date	Company	Description	Amount to be raised (approx)	Company valuation (approx)	Sponsor	History
June 16†	GPA	Aircraft leasing	$800m-$1bn*	$3.5bn	Schroders#	Formed in 1975 by Tony Ryan, former aircraft leasing manager for Aer Lingus.
June 17	*Country Casuals*	*Ladies wear designer/retailer*	*£11m*	*£20m-£25m*	*Morgan Grenfell*	*A 1989 management buy-in to clothing chain previously owned by Coats Viyella*
June 17	Kenwood Appliances	Kitchen appliance maker	£40-45m	£100m	Schroders	MBO from Thorn EMI in 1989.
June 23	Daily Telegraph	Newspaper Group	£85m##	£440m	NM Rothschild	Founded in 1855 during the Crimean War; bought from Berry family in 1986 by Conrad Black, Canadian newspaper magnate
June 30	Anglian Window	Double-glazing products	£100m	£200m	NM Rothschild	MBO from BET in 1990.
July 7	Taunton Cider	Cider maker/ distributor	£70m	£130	Samuel Montagu	MBO from consortium of brewers in 1991.
Early July	*MFI*	*Furniture retailer*	*min £584m*	*£750m*	*County NatWest*	*MBO in 1987 from Asda which retains 25 per cent*
Early July	British Bio-Technology Grp	Drug development	£30m-£40m	£152m	Kleinwort Benson	Oxford-based company started in 1986 by former scientists of Searle
Mid July	Wellcome Plc	Pharmaceuticals	£2bn-£4bn	£8bn	Robert Fleming**	73.5 per cent owned by Wellcome Trust; founded under the will of Sir Henry Wellcome in 1936.
October	Chubb Security	Security systems	£520m-£765m	£520m-£765m	NM Rothschild ***	To be demerged from Racal Electronics, parent since 1984.
November	3i	Venture capital	£400m-£500m	£1bn-£1.2bn	Barings	Founded in 1945 by UK high street banks as the Industrial and Commercial Finance Corporation
Late 1992?	Del Monte Foods International	Canned fruit distribution	n/a	£450m	Charterhouse	Originally part of the leveraged buy-out from RJR Nabisco

*† Offer closes * Up to 30 per cent to be raised in the UK # In the UK ** Global co-ordinator ## From sale of part of stake owned by Conrad Black's Hollinger Group. No new shares for sale ***No new shares for sale*

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 13.06.92 / Pool Prices for Trading on 15.06.92

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.44	20.19	21.86
0100	19.43	20.19	21.88
0130	19.43	20.19	21.89
0200	19.43	20.19	21.89
0230	19.43	20.19	21.89
0300	19.43	20.19	21.36
0330	19.43	19.68	21.34
0400	[illegible]	[illegible]	[illegible]
0430	[illegible]	[illegible]	[illegible]
0500	[illegible]	[illegible]	[illegible]
0530	[illegible]	[illegible]	[illegible]
0600	[illegible]	[illegible]	[illegible]
0630	[illegible]	[illegible]	[illegible]
0700	[illegible]	[illegible]	[illegible]
0730	[illegible]	[illegible]	[illegible]
0800	[illegible]	[illegible]	[illegible]
0830	[illegible]	[illegible]	[illegible]
0900	[illegible]	[illegible]	[illegible]
0930	[illegible]	[illegible]	[illegible]
1000	[illegible]	[illegible]	[illegible]
1030	[illegible]	[illegible]	[illegible]
1100	[illegible]	[illegible]	[illegible]
1130	[illegible]	[illegible]	[illegible]
1200	[illegible]	[illegible]	[illegible]
1230	[illegible]	[illegible]	[illegible]
1300	[illegible]	[illegible]	[illegible]
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1400	[illegible]	[illegible]	[illegible]
1430	[illegible]	[illegible]	[illegible]
1500	[illegible]	[illegible]	[illegible]
1530	[illegible]	[illegible]	[illegible]
1600	[illegible]	[illegible]	[illegible]
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1700	[illegible]	[illegible]	[illegible]
1730	[illegible]	[illegible]	[illegible]
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1930	[illegible]	[illegible]	[illegible]
2000	[illegible]	[illegible]	[illegible]
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2300	[illegible]	[illegible]	[illegible]
2330	[illegible]	[illegible]	[illegible]
2400	[illegible]	[illegible]	[illegible]

[illegible]

NGC Settlements Limited

THE QUEEN'S BIRTHDAY HONOURS AND LIST OF WORKING PEERS

Business leaders and former MPs dominate awards

Jeffrey Archer *Life Peer* · **John Eatwell** *Life Peer* · **Alan Beith** *Privy Counsellor* · **Andrew Lloyd Webber** *Knight* · **Alan Cockshaw** *Knight* · **Desmond Pitcher** *Knight* · **Louis Blom-Cooper** *Knight* · **George Russell** *Knight* · **Alick Rankin** *Knight* · **Anthony Tennant** *Knight*

AN EDITED version of the Honours Lists follows.

LIFE PEERS

Mr Jeffrey Howard Archer, former deputy chairman, Conservative party
Sir Derek Coates Barber, chairman, Countryside Commission
Sir Bernard Richard Braine, Father of the House of Commons, 1987-92
Sir William Gibson Clark, formerly joint deputy chairman, Conservative Party Organisation
Mr Victor Alexander Cooke, chairman and managing director, Springvale EPS
Mr John Leonard Eatwell, economic advisor to Mr Neil Kinnock, Leader of the Labour party
Sir Geoffrey Finsberg, former MP for Hampstead and Highgate
Sir Bernard John (Barney) Hayhoe, former MP for Brentford and Isleworth
Mrs Margaret Jay, director, The National Aids Trust
Professor Raymond Plant, professor of politics, University of Southampton
Sir Bernard Harold Ian Halley Stewart, former MP for North Hertfordshire and chairman, Throgmorton Trust
Mr Gareth Wyn Williams, QC, chairman of The Bar Council

PRIVY COUNSELLOR

Mr Alan James Beith, MP for Berwick-upon-Tweed

KNIGHTS

Professor Adolf William Asscher, chairman, Committee on the Safety of Medicines
Mr Peter Maurice Barclay, chairman, Social Security Advisory Committee
Mr Roger Birch, chief constable, Sussex Police
Mr Louis Jacques Blom-Cooper, QC, chairman, Mental Health Act Commission
Mr Geoffrey Arthur Cass, chairman, Royal Shakespeare Company
Professor John Grahame Douglas Clark, for services to prehistoric archaeology
Mr Alan Cockshaw, chairman, AMEC
Mr Michael John Day, chairman, Commission for Racial Equality
Mr Brian Keith Follett, professor of zoology, University of Bristol
Mr Alan John Hardcastle, chief accountancy adviser to the Treasury and head of the Government Accountancy Service
Mr David William Hardy, lately chairman, London Docklands Development Corporation
Mr Michael William Hirst, for political and public service
Mr Gordon Howard Eliot Hodgkin, painter
Mr Anthony John Patrick Kenny, president of the British Academy
Mr James Alexander Kilfedder, MP for North Down, for political service
Mr Peter Julian Kitcatt, speaker's secretary, House of Commons
Mr Ivan John Lawrence, MP for Burton, for political service
Mr Andrew Lloyd Webber, for services to the arts
Mr Bruce Dugald Macphail, managing director, Peninsular and Oriental Steam Navigation Company
Professor David Kean Mason, president, General Dental Council
Mr James Richard Samuel Morris, chairman, Brown and Root Limited,
Mr Desmond Henry Pitcher, group chief executive, the Littlewoods Organisation
Mr Alick Michael Rankin, chairman, Scottish and Newcastle
Mr George Russell, chairman, Independent Television Commission
Mr Colin Grieve Southgate, chairman and chief executive, Thorn EMI
Mr Herbert Keith Speed, MP for Ashford, for political service
Mr James Frazer Stirling, partner, James Stirling, Michael Wilford and Associates
Mr Anthony John Tennant, chairman, Guinness
Mr Malcolm George Thornton, MP for Crosby
Mr Roy Watts, chairman, Thames Water
Mr David Harry White, chairman, Board of Governors, Nottingham Polytechnic
Mr Norman Samuel Wooding, chairman, East European Trade Council
Mr Peter George Yarranton, for services to sport

ORDER OF THE BATH

GCB

Sir Frederick Edward Robin Butler, secretary of the cabinet and head of the Home Civil Service

KCB

Mr Geoffrey Howes Chipperfield, permanent secretary and chief executive, Property Services Agency

CB

Mr Geoffrey Howard Beetham, Treasury Solicitor's Department
Mr Michael John Vincent Bell, deputy secretary, Ministry of Defence
Mr Alan Winthrop Brown, Department of Employment
Mr Peter Joseph Michael Butler, Property Services Agency
Mr Charles William Capstick, deputy secretary, Ministry of Agriculture, Fisheries and Food
Mr John Robert Deverell, Ministry of Defence
Mr Alasdair Macleod Fraser, QC, director of public prosecutions for Northern Ireland
Mr Paul Ellis Freeman, controller and chief executive, Her Majesty's Stationery Office
Mr Norman Morgan Hale, Department of Health
Mr Charles Edward Henderson, head of the Office of Arts and Libraries
Mr Brian James George Hilton, director, Citizen's Charter Unit, Cabinet Office
Mr Edward Benjamin Crofton Osmotherly, deputy secretary, Department of Transport
Mr Hamish Robertson, Scottish Office
Mr Michael Roper, lately keeper of the Public Records, Lord Chancellor's Department
Mr Ronald Rex Barry Shutler, chief executive, Valuation Office Agency
Mr Derek John Wiblin, Crown Prosecution Service

ORDER OF SAINT MICHAEL AND SAINT GEORGE

CMG

Mr Frederick Ray Mingay, consul-general, Chicago

ORDER OF THE COMPANIONS OF HONOUR

Dame Elisabeth Frink, Sculptor
Joseph Needham, Emeritus Director, Needham Research Institute (East Asian History of Science Library)

ROYAL VICTORIAN ORDER

KCVO

Mr Robin John Dent, chairman, Mase Westpack

CVO

Sir Eric James Neal, chairman, Westpac Banking Corporation

ORDER OF THE BRITISH EMPIRE (Civil Division)

DBE

Miss Moura Lympany, concert pianist, for services to music
Mrs Wendy Mitchell, for political and public service
Miss Shirley Anne Oxenbury, for political service

KBE

Professor Ernest Ronald Oxburgh, chief scientific adviser, Ministry of Defence

CBE

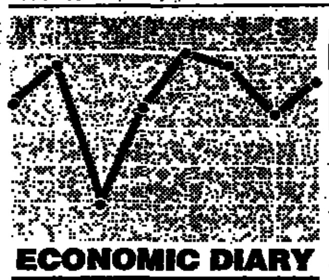
Mr I.C.F. Andrews, Ministry of Defence
Mr R. Ashford, group director, Safety Regulation, Civil Aviation Authority
Mr E.D. Berkway, leader, London Borough of Bromley, vice chairman, London Boroughs Association
Mr P.G. Birch, group chief executive, Abbey National
Mr H.E. Bolter, director, corporate affairs and company secretary, British Nuclear Fuels
Mr G.M. Bowie, chief executive, Lothian Regional Council
Mr J.M. Bridges, professor of haematology, Queen's University, Belfast
Professor L. Broadbent, lately chairman, British Agrochemical Standards Inspection Scheme Limited
Mrs G. Brown, professor of English as an international language, Cambridge University
Mr A.D. Burton, lately chairman, London International Financial Futures and Options Exchange
Michael Caine, actor
The Earl Simon Dallas Cairns, chairman, Voluntary Service Overseas
Mr B.J. Capon, chief executive and clerk, Norfolk County Council
Mrs M.P. Cass, for political and public service
Mr G.D. Chisholm, professor of surgery, University of Edinburgh, director, Nuffield Transplant Unit, Western General Hospital, Edinburgh
Mr R.H. Clutton, lately Crown Estate Receiver
Mr P.J. Constable, principal medical officer, Office of the Minister for the Civil Service
Mr A.T. Cox, staff inspector, Her Majesty's Inspectorate, Department of Education and Science
Mr T. R. Valerie Dixon, managing director, Redland (Northern Ireland) Limited, for services to sport and to the community in Northern Ireland
Mrs M. Douglas, social anthropologist
Mr J.C. Dunning, for public service in Cumbria
Professor K. J. Durrands, rector, Huddersfield Polytechnic
Professor G. M. Edge, chief executive, Scientific Generics Group
Professor R. W. Edwards, National Rivers Authority, for services to the water industry in Wales
Mr L.C. Eppel, chairman, Arrowcroft Property Group, for services to the restoration of the Albert Dock, Liverpool
Mr D. Evans, director general, National Farmers' Union
Mr T.M. Evans, chairman, The Energy Industries Council
Mr J.R. Fletcher, honorary director of Tree Aid
Mr M.T. Thomasin-Foster, chairman, Consultative Panel on Badgers and Tuberculosis
Mr W.S. Fyfe, chairman, Ayrshire and Arran Health Board
Mr A.P. Garrett, for political service
Mr P.R. Godwin, president, Anglo-Taiwan Trade Committee
Mr J.J.I.G. Good, managing director, Robertson and Baxter Limited, Glasgow
Mr M.T. Hancock, for political and public service
Mrs J.J. Harbison, for public service in Northern Ireland
Professor M.B. Harris, vice-chancellor, University of Essex
Mr B. Hayes, HM inspector of constabulary
Mr P.J. Dixon Hodgson, for political service
Mr C. Hodson, managing director, London Buses Limited
Mr W.W. Holland, president, Faculty of Public Health Medicine, Professor of Public Health Medicine, United Medical and Dental Schools, Guy's and St Thomas' Hospitals
Mrs E.A. Hoodless, executive director, Community Service Volunteers
Mr K.W. Humphreys, chairman and managing director, Rhone-Poulenc limited
Sir P.C. Hutchison, chairman, Board of Trustees, Royal Botanic Garden, Edinburgh
Miss E.J. Jennings, author and poet
Antony Rolfe Johnson, opera singer
Mr G. Johnston, chief executive, J C Bamford Excavators Limited
Miss D.A.M. Jones, director of social services, Birmingham City Council
Mrs B.M. Kelly, for public service
Professor A.C. Kennedy, president, the British Medical Association
Mr R.R. Knowland, managing director, BP
Mr D.F. Lewis, deputy chief medical officer, Welsh Office
Professor T. Lewis, director of research, Institute of Arable Crops Research, Agricultural and Food Research Council
Clive Lloyd, for services to cricket and for public service in Lancashire
Mr P.J. Manser, executive member, Securities and Investments Board
Mr B.T. Matthews, chairman, Bernard Matthews
Mrs J.A. McFadden, president, Convention of Scottish Local Authorities
Professor J.B. McFerran, director of veterinary sciences division, Department of Agriculture, Northern Ireland
Mr R.W.R. McNulty, managing director and chief executive, Short Brothers
Mr D.M. Middleton, lately president, Association of British Chambers of Commerce
The most noble Anne Mary Teresa, Duchess of Norfolk, founder and co-chairman, Help the Hospices
Mr I.H. Owen, director-general, Design Council
Mr R.C. Paramor, chief officer, Essex County Fire and Rescue Service
Mr J.L. Pemberton, deputy chairman, Whatman
Mr D.F. Pilkington, for services to the community in St Helens
Trevor Pinnock, harpsicordist and conductor, director, The English Concert
Professor E.J.C. Polge, director of Scientific Policy, Animal Biotechnology Cambridge Limited
Col P.M. Poole, lately chairman, North West of England and the Isle of Man Territorial, Auxiliary and Volunteer Reserve Association
Mr M.C.T. Prichard, chairman, Welsh Arts Council and Literary Consultant
Mr J.G. Ramsay, professor of geology, Technische Hochschule, Zurich
Mr D.F. Renn, lately senior actuary, Government Actuary's Department
Mr J. Rodin, consultant, Building Design Partnership
Mr A.J. Saint, founder member, Hertfordshire Training and Enterprise Council
Prunella Scales, actress
Mr R.T. Severn, professor of civil engineering, University of Bristol
Mr D.T. Stewart, lately chairman, Board of Governors, Dundee Institute of Technology
Mr P.Talbot, for political and public service
Mr A.J. Taylor, chairman, Portsmouth and South East Hampshire Health Authority, chairman, Management Side, General Whitley Council
Mr S. Terlezki, for political and public service
Mr D.H. Thomas, Chief Executive, Mid-Glamorgan County Council
Mr D.H.P. Tiptaft, for political and public service
Mr G.R.F. Tompkins, for charitable services
Mr P.L. Towers, Registrar, General Medical Council
Wendy Toye, for services to the arts
Mr R. G. Whitehead, Director of the Medical Research Council's Dunn Nutrition Centre in Cambridge
Mr R.L. Wilson, lately chairman, Travers Morgan Consulting Group, President, Institution of Civil Engineers
Mr M. Wohl, founder, The Maurice Wohl Charitable Foundation and The Maurice Wohl Charitable Trust
Mr D.M. Woodhall, lately Chief Executive, Commission for the New Towns
Mr J.R.C. Young, chief executive, Securities and Futures Authority

OBE

Mr N. Ahmad, managing director, Port of Bristol Authority
Mrs O.E. Anderson, chief executive, Chesham Building Society
Mr J. Arkell, consultant, British Invisibles
Mr R.E. Baker, chairman, Fife Enterprise
Mr W.J. Barr, chairman and managing director, Barr
Martin Bell, correspondent, BBC
Mr J.L. Beton, senior patent agent, ICI
Mr J.J. Blanche, lately member, Food from Britain Council
Ian Botham, for services to cricket
Mr M. Brighton, board member, Milton Keynes Development Corporation
Mr I.L. Buchanan, arbitrator, ACAS
Mr R.P. Bull, president, Machine Tools Technologies Assocn
Geoffrey Cooke, manager, England Rugby Union Team
Mr J.E.D. Cormie, lately chief executive, Perth and Kinross District Council
Mr R.C. Crane, managing director, Belfast Telegraph Newspapers
Maurice Denham, actor
Polly Devlin, author and broadcaster
Mrs P.A.M. Diamond, director, London Transport Medical Services
Mr D.J. Dunn, managing director, GEC-Plessey Semiconductors
Mr Alan Eastwood, chairman, Police Federation
Mr D.L. Ford, general manager, British Tourist Authority
Mr C.D. Fraser, director of operations, Northern Development Company
Mr R.D.B. Gillespie, managing director, Dartford River Crossing
David Gower, for services to cricket
Mr M.J. Harper, chairman, Minories Finance
Prof. M. Hicks, director, United Biscuits (UK)
Richard Holmes, writer
Mr S.M. John, director, Cathay Pacific Airways
Mr G. Kidney, director, Balcas Timber
Mrs D.E. Lamplugh, founder, the Suzy Lamplugh Trust
Mr D.F. Lawrence, managing director, Digital Equipment (Scotland)
Mr A.C. Longden, managing director, Croda Hydrocarbons
Mr D.M. Lush, director, Ove Arup Partnership
Mr C.T. Massey, head of supply, British Coal
Mr D. McGeachie, director, Conoco (UK)
Mr P.H. McWilliams, chairman, BIC Information Systems
Mr S. Morgan, chairman, Redrow Group
Mr C.N. Morton, director, Komatsu (UK)
Mr J.E. Newman, director, Biscuit, Cake, Chocolate and Confectionery Alliance
Mr M.J. Painter, director, Matra-Marconi Space UK
Mr J.A. Pervez, chairman, Bestway (Holdings)
Steve Race, broadcaster and musician
Mr R.P.V. Rees, joint senior partner, Coopers and Lybrand
Mr W.H. Roberts, manager, National Centre of Tribology
Miss Helen Sharman, astronaut
Mr C.P. Sharp, head of design, Hunting Engineering
Mr B.G. Smith, chairman, Smith Associates
Mr A.P. Somers, associate director, Dan-Air Services
Mr J.P. Stretch, chairman, Trade Advisory Ctee for South Asia
Mr R.S. Taylor, director, Wellman Booth
Mr V.E.S. Thomas, chief executive, BP Oil UK
Mr T. Truman, director, Royal Ordnance
Mr R.B. Wade, managing director, Jersey Electricity
Simon Weston, founder, the Weston Spirit
Vivienne Westwood, for services to fashion design
Mr J.L Wooley, director, PowerGen
Mr J.McD. Young, chairman, British Deaf Association

MBE

Mr D.R. Barron, divisional chief scientist, Thorn EMI
Mr G.S. Bedi, export finance director, Barclays Bank
Mr R. Braithwaite, chairman and managing director, Sunseeker International (Powerboats)
Mr J.C. Broadhurst, director, Dowty Woodville Polymer Fabrications
Mr D. Broadley, divisional chief engineer, NNC
Mr B.J. Champion, divisional director, British Aerospace
Mr E.H. Cotter, director, North London Business Development Agency
Mr I.W. Dobson, chief executive, Campaign for Real Ale
Mr J.W. Eversley, director and general manager, Tyne and Wear Enterprise Trust
Mr B.D. Frutin, chairman and managing director, Rocep Luson Holdings
Jeffrey Grayshon, for services to Rugby League Football
Mr J.D. Green, manager, Trafalgar House Construction
Mr I.M. Griffiths, former community relations executive, National Westminster Bank
Mr J.R.C. Higgins, for services to the British film industry
Mr T.G. Hill, chairman, Humberside Energy Management
Mr B.J. Holden, chairman, Bluebell Railway
Mr W. Holden, lately director, CV Home Furnishings
Miss S. Holgate, executive officer, National Audit Office
Mr F. Jackson, chairman, Jackson Group
Miss E.V. Kimber, former secretary to the chairman, ICI
David McCauley, for services to boxing
Mrs C.M. McDowall, president, National Federation of Consumer Groups
Mr J.F. McFadzean, divisional director, Tarmac Construction
Mr D.J. McKinney, managing director, Kent Plastics
Dave Narey, for services to association football in Scotland
Mr R.A. Parkin, director, TSL Group
Mr T.B. Preston, director, information services, British Rail
Miss M. Raven, former secretary to the chairman, British Aerospace
Mr P.W. Symes, director, Flight Refuelling
Mr T.J. Tarring, chairman, Metal Bulletin
Mr V.J. Turton, partner, Turton's Quality Foods
Mr R. Tweddle, director, Smith Meters
Flt Lt Rory Underwood, for services to rugby union football
Mr N. Walton, chairman and managing director, Sillock Mouldings



ECONOMIC DIARY

TOMORROW: National Savings results (May). Meeting of the Non-Aligned Movement in Tehran (until June 20).
MONDAY: United Kingdom balance of payments (first quarter). Resumption of 11-nation CSCE conference on Nagorno-Karabakh in Rome. European Community foreign ministers discuss 1993-97 budget proposals in Luxembourg. BIS annual meeting in Basle. Results from Lloyd's of London for 1989.
TUESDAY: Company liquidity (first quarter). Public sector borrowing requirement (May). US housing starts (May); industrial production; capacity utilization; current account (first quarter). Mr George Bush, US president, and Mr Boris Yeltsin, Russian president, meet for their first formal summit in Washington. European Policy Forum for British and European Market Studies seminar in Brussels on EC competition policy.
WEDNESDAY: Retail sales (May). Index of production (April). European Commission meets in Strasbourg to adopt report on the European Community's stategy for admission of new member countries, to be submitted to the Lisbon summit taking place on June 26. The Federal Reserve Board publishes Beige Book report on US economy. Islamic foreign ministers meet in Istanbul to discuss the situation in Yugoslavia.
THURSDAY: Labour market statistics: unemployment and unfilled vacancies (May-provisional); average earnings indices (April-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Provisional estimates of monetary aggregates (May). Major British banking groups' monthly statement (May). US trade figures (April). The European Commission and Romanian officials meet in Brussels for negotiations on an association agreement. Ireland holds referendum on the Maastricht treaty.
FRIDAY: Cross-border acquisitions and mergers (first quarter). CBI monthly trends enquiry.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri Jun 12 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Jun 11 Index No.	Wed Jun 10 Index No.	Tue Jun 9 Index No.	Year ago (approx) Index No.	1992 High	1992 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	855.64	-1.0	6.73	5.38	19.28	15.19	864.43	873.84	873.38	832.18	929.04 20/5	739.74 10/1	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (22)	966.88	-2.1	5.79	5.80	23.20	19.03	987.31	998.31	1002.98	1058.78	1121.52 11/5	872.32 10/1	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (28)	888.75	-5.2	4.01	6.80	52.98	24.60	937.50	948.99	954.71	1275.30	1069.64 11/5	827.89 10/1	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (8)	2553.50	-2.1	6.75	6.04	19.25	68.82	2609.15	2650.48	2642.94	2396.61	2758.50 22/5	2296.79 2 /1	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (29)	1982.66	....	8.07	4.30	15.62	7.29	1983.39	1994.85	1975.42	1743.36	2080.64 13/5	1655.93 13/1	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (6)	369.52	-2.1	9.87	7.05	12.82	11.16	377.59	382.27	378.90	420.59	406.10 20/5	313.50 14/2	502.42 13/6 /90	313.50 14/2 /92
7	Engineering-General (44)	540.88	-1.5	7.40	4.39	16.80	8.24	548.89	554.41	555.26	450.96	567.62 20/5	455.80 2 /1	567.62 20/5 /92	339.57 23/1 /91
8	Metals and Metal Forming (8)	339.73	-1.5	0.81	10.19	-	2.03	344.92	348.72	357.30	464.62	379.31 18/5	295.34 10/1	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (14)	360.94	-1.6	7.36	6.51	17.88	10.04	366.67	375.48	374.55	332.08	403.06 21/5	277.78 10/1	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (19)	1788.46	+0.6	6.93	4.63	17.40	33.79	1777.36	1794.94	1790.61	1523.82	1906.65 11/5	1495.50 2 /1	1906.65 11/5 /92	277.55 15/1 /81
21	CONSUMER GROUP (189)	1671.39	-0.2	7.30	3.45	16.83	20.48	1674.77	1690.63	1687.37	1485.71	1761.38 11/5	1565.23 8 /4	1761.38 11/5 /92	61.41 13/12/74
22	Brewers and Distillers (24)	2164.05	-0.4	7.76	3.42	15.54	26.21	2172.50	2178.92	2170.91	1829.60	2278.85 11/5	1938.05 8 /4	2278.85 11/5 /92	69.47 13/12/74
25	Food Manufacturing (18)	1281.29	-0.1	8.43	4.10	14.69	21.18	1283.14	1285.31	1278.72	1168.36	1327.80 11/5	1212.43 8 /4	1327.80 11/5 /92	59.67 11/12/74
26	Food Retailing (18)	2889.60	+0.6	8.40	3.16	15.59	34.95	2873.18	2894.84	2905.08	2736.75	2998.16 18/5	2293.80 10/1	2998.16 18/5 /92	54.25 11/12/74
27	Health and Household (24)	3954.81	-0.3	6.97	2.68	16.35	35.91	3968.66	4056.94	4035.45	3540.96	4654.94 14/1	3954.81 12/6	4654.94 14/1 /92	175.38 28/5 /80
29	Hotels and Leisure (20)	1342.23	-1.3	5.89	5.04	21.98	23.50	1359.30	1373.07	1376.03	1292.99	1450.36 13/5	1210.11 2 /1	1845.77 8 /9 /89	54.83 9 /1 /75
30	Media (25)	1605.94	+0.6	6.07	3.48	20.50	18.30	1596.85	1618.74	1618.66	1435.84	1721.09 11/5	1402.70 8 /1	1721.09 11/5 /92	1166.91 16/1 /91
31	Packaging, Paper & Printing (17)	820.35	-0.5	6.28	4.03	19.31	11.84	824.76	832.60	830.60	700.18	875.53 13/5	714.55 2 /1	875.53 13/5 /92	43.46 6 /1 /75
34	Stores (33)	1063.62	....	7.20	3.48	18.36	12.26	1063.67	1065.83	1066.98	915.41	1135.66 27/4	941.79 3 /4	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (10)	708.77	-1.6	6.48	4.39	19.47	12.44	720.18	722.90	727.53	555.00	756.70 8 /5	587.29 8 /1	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (116)	1291.87	-0.4	9.57	5.07	13.06	17.76	1297.63	1303.65	1307.07	1238.81	1359.32 11/5	1140.56 3 /4	1359.32 11/5 /92	58.63 6 /1 /75
41	Business Services (17)	1422.62	-1.1	6.88	4.48	18.33	15.14	1438.64	1446.60	1453.16	1245.50	1511.16 11/5	1233.67 8 /4	1511.16 11/5 /92	892.28 1 /2 /91
42	Chemicals (22)	1525.03	-0.1	7.00	4.78	17.52	31.75	1526.18	1534.44	1536.64	1389.50	1629.99 8 /5	1392.40 10/2	1629.99 8 /5 /92	71.20 1 /12/74
43	Conglomerates (11)	1335.72	-1.0	9.67	7.11	12.92	23.62	1349.62	1364.19	1354.31	1483.12	1509.94 11/5	1249.23 13/2	1819.46 11/8 /89	975.19 10/11/87
44	Transport (14)	2581.56	-2.6	7.87	4.54	15.44	40.88	2650.73	2662.17	2654.44	2218.79	2790.11 20/5	2256.85 8 /4	2790.11 20/5 /92	90.80 29/6 /62
45	Electricity (16)	1320.63	+0.8	13.50	5.05	9.43	17.21	1310.65	1311.12	1318.26	1204.67	1337.99 5 /6	1044.63 7 /4	1337.99 5 /6 /92	994.96 7 /1 /91
46	Telephone Networks (4)	1424.46	-0.2	10.77	4.60	12.12	16.02	1427.26	1434.79	1443.13	1497.25	1505.86 22/5	1274.20 3 /4	1658.67 2 /10/91	517.92 30/11/84
47	Water (10)	2790.26	-1.1	15.65	5.95	7.07	19.52	2820.79	2834.35	2860.11	2323.80	2934.20 11/5	2140.95 8 /4	2934.20 11/5 /92	1820.20 1 /5 /90
48	Miscellaneous (22)	2069.62	+0.4	5.70	4.77	23.19	22.54	2061.70	2064.25	2072.29	1928.14	2167.85 11/5	1770.94 3 /1	2167.85 11/5 /92	60.39 6 /7 /75
49	INDUSTRIAL GROUP (483)	1348.21	-0.4	7.91	4.32	15.77	18.51	1354.03	1365.15	1364.83	1248.60	1427.97 11/5	1231.76 3 /4	1427.97 11/5 /92	59.01 13/12/74
51	Oil & Gas (17)	2127.95	-1.4	7.13	6.68	18.44	63.69	2157.55	2161.93	2170.05	2377.80	2226.66 2 /1	1937.42 3 /4	2528.70 3 /8 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1421.23	-0.5	7.83	4.56	16.01	21.93	1428.78	1439.59	1439.85	1345.09	1493.99 11/5	1298.02 3 /4	1493.99 11/5 /92	63.49 13/12/74
61	FINANCIAL GROUP (86)	751.30	-1.1	-	6.04	-	19.04	759.50	767.74	766.88	792.13	802.65 20/5	637.33 3 /4	896.67 13/10/87	56.88 13/12/74
62	Banks (9)	946.81	-1.5	5.09	5.76	31.06	24.58	961.32	972.93	971.50	881.78	1026.34 20/5	790.95 3 /4	1026.34 20/5 /92	62.44 12/12/74
65	Insurance (Life) (6)	1528.39	-1.5	-	5.83	-	44.26	1551.89	1577.84	1547.60	1496.67	1613.38 21/5	1243.61 6 /4	1632.53 4 /9 /91	44.88 2 /1 /75
66	Insurance (Composite) (7)	536.04	+0.6	-	6.49	-	13.46	532.89	542.61	549.37	664.07	564.54 13/5	419.96 8 /4	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	929.65	-1.5	8.20	7.02	16.04	25.92	943.76	954.19	952.93	1130.41	1031.35 27/1	891.99 8 /4	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (7)	507.13	-1.0	-	4.26	-	8.56	512.01	514.80	514.31	426.33	521.89 22/5	405.18 7 /4	547.59 12/10/87	31.21 7 /1 /75
69	Property (32)	667.03	-0.7	8.79	6.86	15.40	16.55	671.52	668.10	667.48	934.58	799.69 20/1	613.80 8 /4	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (15)	254.15	-1.6	7.16	6.86	18.94	4.34	258.24	259.31	262.26	279.17	271.79 26/5	221.16 7 /4	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (69)	1198.48	-0.2	-	3.74	-	16.78	1200.52	1213.58	1217.75	1222.03	1273.08 11/5	1112.66 8 /4	1323.81 4 /1 /90	71.12 13/12/74
99	ALL-SHARE INDEX (655)	1260.82	-0.6	-	4.72	-	20.88	1268.24	1278.43	1278.56	1211.83	1326.36 11/5	1142.45 3 /4	1326.36 11/5 /92	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jun 11	Jun 10	Jun 9	Jun 8	Jun 5	Year ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2603.7	-10.4	2621.7	2601.4	2614.1	2636.1	2635.4	2645.8	2668.5	2522.3	2737.8 11/5	2382.7 3 /4	2737.8 11/5 /92	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Jun 12	Day's change %	Thu Jun 11	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (25)	123.54	+0.21	123.28	2.88	4.85
2	5-15 years (24)	138.50	+0.21	138.56	2.17	6.47
3	Over 15 years (10)	148.74	+0.18	148.48	1.26	6.06
4	Irredeemables (6)	165.40	+0.07	165.28	1.55	6.35
5	All stocks (65)	136.22	+0.21	136.13	2.33	5.98
	Index-Linked					
6	Up to 5 years (2)	173.71	+0.20	173.35	0.78	1.83
7	Over 5 years (9)	153.28	-0.11	153.68	0.94	2.04
8	All stocks (11)	154.91	-0.06	155.20	0.91	1.99
9	Debs & Loans (63)	120.59	+0.04	120.54	2.15	5.48

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jun 12	Thu Jun 11	Year ago (approx.)	1992 High	1992 Low
	British Government						
1	Low	5 years	8.12	8.07	9.02	9.43 2 /4	7.91 1 /6
2	Coupons	15 years	8.94	8.95	10.11	9.72 1 /4	8.80 1 /6
3	(0%-7¾%)	20 years	8.94	8.95	10.11	9.72 1 /4	8.80 1 /6
4	Medium	5 years	9.16	9.21	10.45	10.28 1 /4	9.07 1 /6
5	Coupons	15 years	9.05	9.07	10.36	9.82 1 /4	8.84 1 /6
6	(8%-10¾%)	20 years	9.04	9.05	10.27	9.76 1 /4	8.81 2 /6
7	High	5 years	9.38	9.43	10.63	10.50 1 /4	9.26 1 /6
8	Coupons	15 years	9.25	9.26	10.51	9.96 1 /4	9.00 22/5
9	(11%-)	20 years	9.21	9.20	10.39	9.86 1 /4	8.95 22/5
10	Irredeemables	†	9.21	9.21	10.29	9.92 2 /4	9.02 2 /6
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.90	3.94	4.28	4.14 2 /1	3.52 4 /3
12	Inflation rate 5%	Over 5 yrs.	4.32	4.31	4.29	4.60 6 /4	4.27 17/2
13	Inflation rate 10%	Up to 5 yrs.	3.23	3.26	3.31	3.50 2 /1	2.86 4 /3
14	Inflation rate 10%	Over 5 yrs.	4.15	4.14	4.08	4.42 6 /4	4.07 17/2
15	Debs &	5 years	10.49	10.50	11.91	11.51 6 /4	10.30 8 /6
16	Loans	15 years	10.33	10.34	11.69	11.22 6 /4	10.07 1 /6
17		25 years	10.23	10.23	11.50	11.02 6 /4	9.98 1 /6

‡Opening index 2621.6; 9 am 2614.5; 10 am 2601.9; 11 am 2607.5; Noon 2610.1; 1 pm 2607.7; 2 pm 2609.7; 2.30 pm 2612.3; 3 pm 2612.2; 4.10 pm 2604.5; (a) 8.31am (b) 10.02am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	29/12/89	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323. CONSTITUENT CHANGE: ADDITION: Nichols (JN) (Vimto) (25); DELETION: Dowty (06); NAME CHANGE: Betterware Consumer Products now Betterware (34)

LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*657)	600	68	88	102	3	10	16
	650	27	55	66	14	26	32
	700	9	29	43	46	53	58
ASDA (*33)	30	5	8½	9½	1½	3	5
	35	3½	6	7	4	6	7½
	40	2	3½	5½	7½	9½	11
Brit. Airways (*273)	240	38	47	51	1½	5½	8½
	260	21	32	39	5	11	14
	280	10	21	28	14	20	24
SmKl Beecham A (*877)	800	90	117	135	4	15	23
	850	51	81	104	14	30	38
	900	24	52	77	37	55	62
Boots (*448)	420	30	44	51	5	12	16
	460	6	21	28	24	28	33
B.P. (*261)	260	12	17	21	7	14	18
	280	3½	8	13	21	27	29
British Steel (*71)	70	5	7½	8½	4	5½	7½
	80	2½	4	4½	10	12	14½
Bass (*586)	550	46	67	77	3½	9	16
	600	14	34	45	20	30	38
C & Wire (*534)	500	41	55	65	7	15	18
	550	11	28	38	31	37	42
Courtaulds (*556)	550	23	47	57	14	23	28
	600	6	22	34	49	53	56
Com. Union (*490)	460	41	50	60	3½	12	15
	500	13	25	37	17	30	32
Fisons (*245)	240	25	40	47	19	25	33
	260	15	30	38	32	40	43
GKN (*390)	390	15	24	34	11	22	26
	420	4½	13	22	33	42	45
Grand Met. (*478)	475	20	33	-	12	22	-
	500	8½	23	32	27	36	41
I.C.I. (*1286)	1250	66	90	120	15	36	43
	1300	32	62	92	35	62	67
Kingfisher (*520)	500	34	48	63	7	16	20
	550	7½	23	36	34	41	45
Ladbroke (*214)	200	20	28	31	3½	8½	12
	220	8	17	19	12	18	21
Land Secur (*404)	390	24	37	42	5	10	13
	420	6½	19	25	21	25	26
M & S (*325)	300	30	41	47	3	6	8
	330	9	20	27	11½	16	19
Sainsbury (*458)	420	43	57	65	3	7½	11
	460	13	30	40	12	18	23
Shell Trans. (*510)	500	22	33	44	6½	16	19
	550	3	11	21	41	46	48
Storehouse (*140)	130	13	20	22	3½	6½	8
	140	6	12	17	7½	10	16
Trafalgar (*121)	120	11	18	21	5½	12	16
	130	6	13	16	13	18	21
Utd. Biscuits (*390)	360	36	47	53	2	6	8½
	390	14	27	34	9	17	19
Unilever (*930)	900	49	77	93	8	18	25
	950	17	46	62	28	40	45

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Brit Aero (*301)	280	36	41	46	7	15	17
	300	23	30	36	15	27	30
	330	10	17	23	36	36	48
BAA (*701)	650	62	83	93	8	14	20
	700	29	50	62	28	43	40
	750	10	28	38	65	67	70
BAT Inds (*777)	700	93	102	122	6	13	17
	750	51	69	89	22	29	34
	800	23	44	62	45	55	60
BTR (*468)	420	59	63	71	2	7	10
	460	26	34	45	11	20	23
	500	8	15	26	33	42	45
Brit. Telecom (*350)	330	28	33	37	5½	9½	13
	360	10	17	21	21	25	28
Cadbury Sch (*481)	460	36	48	60	8½	15	19
	500	14	25	38	27	33	38
Eastern Elec (*279)	260	24	28	34	7½	12	14
	280	10	17	24	18	21	23
Guinness (*582)	550	50	66	80	7½	14	18
	600	20	37	50	28	36	41
GEC (*223)	220	9	15	8½	11	12½	14
	240	3	7	11	26	26	27
Hanson (*217)	200	23	26	29½	2	4½	7½
	220	9	14	17½	8½	12½	15
LASMO (*193)	180	28	41	45	8	14	18
	200	17	28	36	18	24	28
Lucas Inds (*125)	120	14	18	20	4½	10	11
	130	7	11	14	10	16	17
P. & O. (*460)	460	27	36	46	18	35	38
	500	13	20	30	43	60	65
Pilkington (*126)	120	12	18	20	8	11	11
	130	7½	14	16	13	17	18
Prudential (*250)	240	21	27	32	5½	11	12
	260	10½	16	22	15	20	22
R.T.Z. (*612)	600	38	54	69	13	28	32
	650	15	30	43	43	55	59
Scot. & New (*463)	460	20	33	42	21	26	30
	500	6	17	24	51	55	55
Tesco (*276)	260	26	31	36	5½	8½	10
	280	13	18	28	12	17	20
Thames Water (*436)	420	20	32	37	13	18	22
	460	5½	16	20	42	45	46
Vodafone (*351)	330	33	45	52	6	12	15
	360	15	27	36	20	26	27

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Abbey Nat. (*282)	260	25	30	37	1	4½	6½
	280	7	16	25	4	12	14
	300	2	7	16	19	22	26
Amstrad (*40)	35	6	10	11	1	3½	5½
	40	2½	7	9	2½	6	8
	45	1½	5	6½	6	9	11
Barclays (*342)	300	47	51	55	1	4½	7
	330	18	26	35	3	13	17
	360	2½	10½	20	20	31	34
Blue Circle (*219)	194	29	34	39	1½	4	6½
	213	11	20	27	4	9½	14
	232	2½	11	17	15	19	24
British Gas (*253)	240	15	23½	26	1½	4	9
	260	2	11½	16	8	13	19
Dixons (*251)	240	17	22	32	2	11	15
	260	4	13	22	10	20	25
Eurotunnel (*345)	330	28	49	63	10	27	36
	360	10	32	48	19	42	48
Glaxo (*724)	700	36	70	90	7	31	46
	725	19	-	-	17	-	-
Hillsdown (*165)	160	9	17	22	2½	7	10
	180	2	8	13	16	20	22
Lonrho (*83)	80	8	11	15	2	6½	8
	90	1½	6½	11	9	14	17
Midland Bk (*422)	420	10	26	35	7½	17	22
	460	1½	10	17	38½	43	46
National Power (*238)	220	205	209	29	1	1	7½
	240	185	189	17	1	1	17
Reuters (*1119)	1100	43	92	130	13	43	60
	1150	13	64	103	37	70	84
R. Royce (*164)	160	7½	14	18	3	8½	11
	180	1½	6	9½	17	20	22
Scottish Power (*182)	180	5	12	13	3	10½	13
	190	2	7	9	9½	17	19
Sears (*89)	80	11	14	16	1	3	5
	90	3	8	10½	4	7	9
Forte (*221)	220	7	17	21	3½	9½	13
	240	2	8	13	18	20	24
Thorn EMI (*849)	819	38	50	-	3	22	-
	850	13	30	48	13	40	45
TSB (*140)	140	4	8½	13	4	9	10½
	160	1	3	6	21	24	25
Vaal Reefs (*$51)	50	4½	6	7½	2	4½	5½
	60	1	20	4	10	11	12
Wellcome (*945)	900	52	93	118	8	31	48
	950	18	58½	89	26	54	70

EURO FT-SE INDEX (*2604)

	2425	2475	2525	2575	2625	2675	2725	2775
CALLS								
Jun	190	141	91	45	12	1	1	1
Jul	202	155	110	70	38	17	7	3
Aug	218	-	130	-	62	-	20	-
Sep	235	-	155	-	82	-	38	-
Dec	295	-	220	-	153	-	100	-
Mar	330	-	255	-	190	-	140	-
PUTS								
Jun	½	1	1½	4	19	60	111	159
Jul	3	5	10	19	38	68	107	153
Aug	7	-	20	-	50	-	107	-
Sep	14	-	27	-	58	-	109	-
Dec	28	-	47	-	78	-	120	-
Mar	39	-	59	-	90	-	130	-

FT-SE INDEX (*2604)

	2450	2500	2550	2600	2650	2700	2750	2800
CALLS								
Jun	165	115	66	25	4	1	½	½
Jul	180	133	90	53	29	12	4	1½
Aug	195	152	112	80	50	31	17	7
Sep	212	170	133	100	70	46	29	17
Dec †	-	234	-	163	-	108	-	63
PUTS								
Jun	½	1	2	10	46	96	146	196
Jul	4	7	14	28	55	97	146	196
Aug	10	16	26	43	66	101	150	200
Sep	15	25	37	54	76	107	147	197
Dec †	-	43	-	75	-	123	-	195

June 12 Total Contracts 33,623
Calls 16,787 Puts 16,836
FT-SE Index Calls 5,962 Puts 6,510
Euro FT-SE Calls 452 Puts 365
Eurotrack 100 Index Calls Puts
*Underlying security price. † Long dated expiry mths
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	37	Ladbroke	18	Sears	8½	**OILS**	
Allied-Lyons	49	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	55	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BAT Inds	58	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	6½
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¼
Barclays	29	GKN	33	Midland Bank	30	Unilever	70	Shell	36
Blue Circle	24	Gen Accident	38	NatWest Bank	26	Vickers	15	Tuskar Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	**MINES**	
Bowater	60	Glaxo	52	Racal Elect	5½	**PROPERTY**		RTZ	47
Brit Aerospace	26	Grand Met	38	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	55	Land Sec.	30		
Brit Telecom	25	Hanson	18	Ratners	3	MEPC	26		
Cadburys	38	ICI	21	Reed Intl	44	Mountleigh	4		

INTERNATIONAL COMPANIES AND FINANCE

Lufthansa in talks with Aeroflot on Moscow plan

By Paul Betts in Berlin

LUFTHANSA, the German national carrier, is in advanced negotiations with Aeroflot, the Russian airline, to form a new joint airline venture based in Moscow in competition with a rival Russian project being set up by British Airways.

Mr Jurgen Weber, Lufthansa's chairman, yesterday confirmed at a Financial Times aviation conference that his airline was holding "intensive talks" with Aeroflot and was hoping to reach an agreement "in the next few months".

Apart from Aeroflot, Lufthansa is looking for other partners in the Commonwealth of Independent States to participate in the venture.

The project would revive an historic joint airline venture between Germany and Russia called Deruluft which operated air services between Berlin and Moscow in the 1920s.

The new airline would be based at Moscow's Sheremetyevo 1 airport where Lufthansa is leading a consortium involved in a $800m modernisation programme.

The plans envisage initially the new airline will operate international services from Moscow using western aircraft and eventually shuttle services in the CIS.

However, Mr Weber warned there were still difficult issues to resolve to enable the venture to go ahead, especially in view of the economic and political problems Russia is facing.

The new venture would be in competition with BA's plans to set up a new international airline based in Moscow called Air Russia with Russian partners. Sir Colin Marshall, BA's chief executive, told the FT conference he expected Air Russia to start operations in 1994 or possibly even earlier, also using western aircraft.

Lufthansa and BA are currently involved in a fierce battle on the German market and their respective Russian ventures are likely to intensify competition between the two carriers.

Since German unification, Lufthansa has re-established itself in a big way in Berlin and has expanded in eastern European markets. Mr Weber said the airline was the leader in eastern Europe.

Apart from the proposed new Russian-German joint airline venture, Lufthansa is involved in hotel projects in Moscow and provides training for Russian airline crew.

Indian bank sets aside $250m

STATE Bank of India, India's largest public investment bank, is to set aside $250m to cover possible losses in the fallout from the country's worst financial scandal, AP-DJ reports from Bombay.

The government-owned State Bank has agreed to honour liabilities arising from illegal securities transactions with a leading Bombay stockbroker, bank officials said.

The broker, Harshad Mehta, has been accused of illegally using bank money to manipulate stocks.

The Reserve Bank of India, the central bank, ordered the State Bank two weeks ago to account for $250m that it had received in crossed cheques from the National Housing Bank.

Both the State Bank and Housing Bank are subsidiaries of the central bank. According to police reports, the State Bank credited the money in securities to Mehta.

Losses by at least nine banks, including Standard Chartered Bank Australia and ANZ Grindlays, totalled an estimated $1.1bn. Except for two small Indian banks which went bankrupt, the banks were expected to shore up enough funds to protect their investors.

The State Bank said it could bear the loss of $250m, even though that was more than six times the bank's 1990 profits.

Stock exchanges may share NY building

By Martin Dickson in New York

THE New York and American stock exchanges, fierce rivals for nearly a century, are considering a tentative developer's proposal to build a headquarters on Wall Street which would house both institutions.

The idea is being floated by J.P. Morgan, the large New York bank, and would involve building a new tower on a site adjacent to the current New York Stock Exchange building. The site, on the corner of Wall and Broad Streets in lower Manhattan, is now partly occupied by Morgan's former headquarters.

Mr William Strauss, chief financial officer of the American exchange, said that "creating a financial hub in lower Manhattan makes a lot of sense to us". But he added that Morgan had not yet presented any economic evaluation of the scheme and no active discussions were taking place.

"They have left us with an idea. I presume they are working on the economics," he added.

The scheme envisages the two exchanges remaining separate institutions, with their own trading floors. However, it could pave the way for a sharing of functions to cut costs and is likely to prompt speculation about an eventual merger between the two institutions.

Both the New York exchange and its much smaller rival face increasing competition from electronic dealing systems which do not require a physical trading floor.

A spokesman for the New York exchange said merely that it received constant approaches about possible property developments and was willing to listen to J.P. Morgan's ideas.

If the project were to go ahead, the new building would not be ready for occupation until near the end of the century.

The scheme would demand a large package of aid from the New York city and state governments, but in return might help stem a gradual drift of business away from the financial district in lower Manhattan and reinforce the area's role as the world's leading financial centre.

New York is anxiously awaiting news as to whether Morgan Stanley, the large investment bank headquartered in mid-town Manhattan, has decided to remain in the city or move out to Stamford, Connecticut.

Bacardi factions kiss and make up

Canute James finds the company's shareholders burying the hatchet

The atmosphere is much lighter these days in the offices of the Bacardi Corporation, the world's biggest rum producer. After five years of a bruising family quarrel about how the company's ownership should be structured, the hatchets are being buried.

Minority shareholders have dropped their objections to the Puerto Rican company being taken private and reverting to mainly family ownership; and as a result a new holding company is being created to manage the group's $3bn of assets.

The new holding company, Bacardi, will be based in Bermuda. It will embrace the Bacardi Corporation in Puerto Rico, Bacardi and Company in the Bahamas, Bacardi International in Bermuda, and Bacardi Imports in Miami. The company's Mexican distillery, Bacardi y Compania, will be brought in later this year.

"There are no more fights," said Adolfo Comas Bacardi, the leader of the dissident shareholders. "Now everything is hugs and kisses."

The row erupted when one group of shareholders, led by Manuel Luis del Valle, then Bacardi president and now chairman, announced plans to take the company private.

The main opposition was led by Mr Comas Bacardi on behalf of shareholders with a combined stake of around 14 per cent. In the ensuing fall-out, Mr Comas Bacardi lost his job along with his brother and two cousins.

Mr Comas Bacardi and the objectors filed a petition with the US Securities and Exchange Commission, arguing that the move to privatise the company was illegal because the company had more than 300 shareholders.

Puerto Rico is a US possession and has to observe federal regulations which say a private company must have fewer than 300 shareholders. Mr del Valle contended that when Bacardi went public in the 1960s, those who bought shares kept them for long-term investment and that there was little trading of the shares anyway.

Fearing a loss of control of the conglomerate, Mr Comas Bacardi's group split some of their shares, putting about $10m of Bacardi stock into 238 family trusts to ensure that the number of shareholders was more than 300.

In supporting the move towards privatisation, Mr del Valle had argued that it was not worth spending $250,000 to comply with SEC disclosure regulations. Also the board felt shareholders were deriving little benefit from Bacardi's status as a public company.

Mr Comas Bacardi contended, however, that the cost of reporting to the SEC was not the reason for the move towards privatisation. Rather, he said, privatisation would remove the need for reporting almost anything, allowing Bacardi to become involved in mergers and acquisitions, and the sale of its subsidiaries, without any real debate.

The stalemate was broken

A Bacardi plant at San Juan, Puerto Rico

last month after meetings between the shareholders and the SEC. The faction which objected to privatisation changed its position and was rewarded by concessions, including two positions on the board of directors, and first call on any new offering of shares.

A less bellicose Mr Comas Bacardi has said that the differences which led to the row were "philosophical" in nature.

Company officials said the changes will save the Bacardi conglomerate about $15m per year in administrative costs, including the costs of reporting to the SEC. The trusts which were created by the dissident shareholders are being voluntarily cancelled and will be deregistered by the SEC. The resolution of the dispute, and the restructuring of the company, is expected to end some anxiety in parts of the Puerto Rican administration. Had the company been damaged by the row, it would have had an adverse effect on the island's finances.

Bacardi accounts for almost all of the 20m proof gallons of rum shipped annually from Puerto Rico to the US. The shipments are important not only for Bacardi's earnings. Certain taxes collected on Puerto Rican rum entering the mainland are returned to the island, and the Puerto Rican administration earned just over $230m from the rebates in 1990.

Bacardi Corporation in Puerto Rico recorded sales of over $660m last year. The company is a major client of the government-owned shipping line and of suppliers of bottles.

One economist in Puerto Rico said the restructuring of Bacardi should make the company stronger, and allow it to fight competition for its US market share.

FOX property futures scandal costs almost £1m

LAST October's property futures scandal at the London Futures and Options exchange (FOX) cost the exchange almost £1m in irregular expenditure, Reuter reports from London.

According to the chairman's report – to be circulated to the FOX annual meeting on July 9 – expenditure attributable to the irregularities in the property futures market has generated exceptional costs of close to £4m.

The report was written by Mr Andrew Large, who has since taken over as chairman of the Securities and Investments Board (SIB). The new chairman of FOX is Mr Michael Jenkins.

The scandal involved the discovery in October last year that trading incentives had been granted by the exchange to traders dealing in FOX's screen-traded property, rice and metal index futures (MGMI) contracts.

Downgrading of rating disappoints Westpac

By Kevin Brown in Sydney

WESTPAC Banking Corporation, the Australian bank, yesterday said the downgrading of its credit rating by a European ratings agency was disappointing, but not unexpected following its net loss of A$1.6bn (US$1.2bn) for 1991-1992.

International Banking Credit Analysis (IBCA) said earlier that it had downgraded Westpac's long-term credit rating to A-plus from AA-minus, and its short-term rating to A1 from A1 plus.

The agency said the action reflected a decline in the bank's asset quality. Westpac wrote off A$2.65bn against bad and doubtful debts, of which more than A$2.1bn reflected a revaluation of property values.

IBCA said Westpac had written down its property-related assets to values that could readily be realised under current market conditions.

It also noted that the bank's risk-weighted capital ratio was above 8 per cent, the level required by the Reserve Bank of Australia. The balance sheet will be further boosted by a planned A$1.2bn rights issue.

"We had been concerned that Westpac was under-reserved against doubtful assets, and the decisive action taken by management to address this problem is clearly a positive development," IBCA said.

"At the same time, however, the asset quality review has revealed the extent of Westpac's asset quality problems and given the depth of the depression in the Australian real estate sector, it will take some time to dispose of property assets and to bring Westpac's non-performing asset ratios down from their current high levels."

Stora turns in steep profits fall

By Robert Taylor in Stockholm

STORA, Europe's largest paper and pulp group, yesterday announced a steep fall in profits for the first four months of 1992 following a drop in sales from SKr18.3bn ($3.18bn) to SKr16.2bn.

Profits after net financial items for the four months were SKr3m compared with SKr901m for the same period of 1991.

The company warned it would suffer a loss in the second four-month period but it added that a continuation of Stora's rationalisation programme to cut costs combined with an improved market should enable profits to improve for the final four months of 1992.

Stora said it hopes the full impact of its cutbacks would be apparent by the latter part of this year with estimated savings of around SKr2bn, mainly due to a 6,000 cut in the company's 45,000 workforce.

The company blamed three factors for the sharp fall in sales and profits. Firstly, there were sharp price cuts in most forestry industry related products, the result of severe competition in a depressed market which had produced a loss of SKr1.2bn.

Secondly, construction-related revenues fell SKr300m due to the slump in the building industry with resulting falls in volume sales and price cutting. Thirdly, there was a decline in the company's net financial items as a result of lower interest differentials caused by the linking of the Swedish kroner to the European currency unit (Ecu) in May 1991.

In its analysis of current markets, Stora said there was continued favourable growth in its forest industries sector with a 2.5 per cent increase in deliveries during the first four months of pulp, paper and board, while deliveries of sawn timber rose by 28 per cent.

The company made actual operating losses in the first four months of SKr149m in pulp and SKr119m in printing papers, compared with profits of SKr56m and SKr236m respectively. Stora's operating profit for packaging board and paper was SKr465m, against SKr470m.

Discussing its financial position, the company said its total interest-bearing net debt fell by SKr555m to SKr24.2bn by the end of April.

● Esselte, the office equipment group, has reported a steep increase in profits for the first four months of 1992, despite reduced turnover. After net financial items, profits jumped to SKr140m from SKr63m a year ago. Sales were SKr4.49bn, against SKr5.31bn.

Esselte expects to achieve profits after net financial items of SKr350m for the full year. Hit by heavy restructuring costs the group made a loss of SKr416m last time.

Kone sees improvement for rest of year

KONE, the Finnish engineering group, expects profits to improve during the rest of 1992 following a sluggish start to the year, Reuter reports from Helsinki.

On sales up from FM2.8bn to FM3.1bn, pre-tax profits for the first four months were little changed at FM78m ($18m), against FM72m. Operating profits were FM231m, against FM214m.

"The financial result for the remaining eight months of the year is expected to show an improvement over that for the first four months," the company said.

Even so the interim profits exceeded most analysts' expectations.

Kone said its annual net sales were expected to grow only at the rate of inflation and remain below FM11bn, compared with FM10.04bn in 1991. Kone said all divisions had improved their results.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$339.85	+1.2	$366.75	$358.40	$335.20
Silver Per troy oz	220.5 p	-1	266.85p	242.70p	210.00p
Aluminium 99.7% (cash)	$1271	-32	$1232.0	$1339.0	$1105.5
Copper Grade A (cash)	£1225	-15.5	£1317.0	£1318.5	£1125.0
Lead(cash)	£295.75	-7.75	£322.25	£315.0	£278.50
Nickel (cash)	$7187.5	+7.5	$8135	$8195.0	$7065.0
Zinc SHG (cash)	$1447.5	+2.5	$1063	$1457.5	$1106.5
Tin (cash)	$6460	+30	$5750	$6470.0	$5425.0
Cocoa Futures (Sep)	£545	-18	£848	£773	£541
Coffee Futures (Sep)	$727	-3	$573	$1013	$676
Sugar (LDP Raw)	$252.6	-5.4	$221	$258	$193
Barley Futures (Sep)	£108.15	+0.75	£114.7	£123.90	£106.90
Wheat Futures (Sep)	£111.30	+0.8	£113.0	£131.85	£109.85
Cotton Outlook A Index	64.30c	+2.7	83.95c	64.30c	52.25c
Wool (64s Super)	406p	-10	375p	480p	406p
Oil (Brent Blend)	$20.925x	-0.325	$18.525	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Aug.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18.65-8.70z	-0.20
Brent Blend (dated)	$21.10-1.20	-.175
Brent Blend (Aug)	$20.90-0.95	-0.20
W.T.I (1 pm est)	$22.25-2.35z	-.175

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$234-236	+1
Gas Oil	$191-192	
Heavy Fuel Oil	$81-83	
Naphtha	$201-202	-2

Petroleum Argus Estimates.

Other		+ or -
Gold (per troy oz)♣	$339.85	+1.1
Silver (per troy oz)♣	409.0c	+2
Platinum (per troy oz)	$372.25	+2.25
Palladium (per troy oz)	$81.00	+0.25
Copper (US Producer)	106.91c	-0.07
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	16.00r	-0.07
Tin (New York)	300.50c	-1.75
Zinc (US Prime Western)	82.0c	
Cattle (live weight)†	110.21p	+1.44*
Sheep (live weight)†◆	88.73p	-9.75*
Pigs (live weight)†	97.17p	+4.50*
London daily sugar (raw)	$252.6t	-4.4
London daily sugar (white)	$292.0t	-1
Tate and Lyle export price	£245.0	-4
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£149.0	
Wheat (US Dark Northern)	Unq	
Rubber (Jul)♥	52.25p	-0.25
Rubber (Aug)♥	52.25p	-0.25
Rubber (KL RSS No 1 Jul)	222.5r	
Coconut oil (Philippines)§	$605.0w	-15
Palm Oil (Malaysian)§	$410.0y	
Copra (Philippines)§	$402.5y	
Soyabeans (US)	£149.5	-2
Cotton "A" index	64.30c	
Wooltops (64s Super)	406p	-10

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Jun/Jul. y-Jul/Aug. w-Jul/Aug. z-Aug. †Meat Commission average fatstock prices. * change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ◆Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
Aug	229.00	226.40	226.00	226.00
Oct	219.00	216.40	216.00	216.00
Dec	208.00	205.00	205.00	195.00
Mar	210.00	207.00	208.00	206.60
White	Close	Previous	High/Low	
Aug	287.20	284.00	286.00	282.70
Oct	272.20	270.50	271.00	269.40
Dec	270.20	268.50	268.50	267.90
Mar	276.20	273.50	273.50	272.70
May	279.20	278.00	276.20	

Turnover: Raw 137 (181) lots of 50 tonnes. White 563 (947)
Paris- White (FFr per tonne): Aug 1538.43 Oct 1460.26

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low	
Jul	21.08	21.10	21.14	20.94
Aug	20.95	20.96	21.00	20.82
Sep	20.83	20.89	20.89	20.74
Oct	20.77	20.80	20.78	20.68
Nov	20.68	20.65	20.68	20.58
Dec	20.65	20.69	20.55	20.55
IPE Index	21.14	20.88		

Turnover 26000 (39065)

GAS OIL – IPE ($/tonne)	Close	Previous	High/Low	
Jul	190.25	190.00	190.25	168.00
Aug	191.75	191.50	191.75	189.50
Sep	193.75	193.50	193.75	191.50
Oct	195.75	195.50	195.75	193.50
Nov	197.25	196.75	197.25	195.50
Dec	198.50	198.25	198.50	197.00
Jan	196.25		196.50	196.25

Turnover 10079 (23469)lots of 100 tonnes

SPICES
The pepper market's weakness of the past few weeks continues, reports Man-producten, making buyers extremely reluctant to enter into fresh commitments in spite of very low price levels. Selling pressure from Vietnam has diminished to some extent, but new pressure is emerging from Malaysia (black pepper) and Indonesia (white) where the new crops, though lower than last year, are to be harvested soon. White pepper for prompt shipment is offered at $1,180 a tonne cif and grade 1 black pepper at $[illegible] cif.

COCOA – London FOX (£/tonne)	Close	Previous	High/Low	
Jul	525	513	525	515
Sep	545	534	545	533
Dec	579	568	579	570
Mar	610	600	610	602
May	630	621	630	625
Jul	650	641	649	648
Sep	670	661	669	665
Dec	700	688	700	695

Turnover: 4221 (5128) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 11 649.72 (652.55) 10 day average for Jun 12 677.48 (681.33)

COFFEE – London FOX ($/tonne)	Close	Previous	High/Low	
Jul	700	696	705	696
Sep	727	720	733	718
Nov	751	746	757	738
Jan	771	762	775	754
Mar	784	783	795	779
May	802	798	801	800

Turnover:1564 (3856) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jun 11: Comp. daily 47.59 (48.15) 15 day average 49.37 (49.49)

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low	
Apr	86.3	85.0	86.0	84.0

Turnover 110 (96) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low
Aug	124.00	126.10	

Turnover 0 (50)lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low	
Jun	1115	1123	1125	1115
Jul	1044	1046	1050	1044
Aug	1060		1065	1058
Oct	1185		1185	1180
Jan	1229	1229	1229	1228
BFI	1172	1178		

Turnover 159 (114)

GRAINS – London FOX (£/tonne)				
Wheat	Close	Previous	High/Low	
Jun	123.90	123.70	124.25	123.80
Sep	111.30	111.05	111.35	111.25
Nov	114.40	114.10	114.55	114.30
Jan	118.00	117.70	118.20	117.90
Mar	120.95		121.00	120.85
Barley	Close	Previous	High/Low	
Sep	108.15	108.10	108.15	108.00
Jan	114.85	114.85	114.90	114.85

Turnover: Wheat 127 (200) . Barley 17 (36).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low	
Jun	122.5	121.2	122.2	121.2
Jul	115.0	114.5	114.8	114.0
Aug	106.5	107.0	106.0	105.5
Sep	106.0	108.0	107.5	105.5
Oct	107.3	108.5	109.0	107.0
Nov	110.0	110.0	110.0	109.5

Turnover:112 (103) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 20,768 lots
Cash	1270.5-71.5	1271-72		1273-73.5		
3 months	1295.5-96	1296-97	1301/1295.5	1298-98.5	1298.5-99	163,015 lots
Copper, Grade A (£ per tonne)						Total daily turnover 18,501 lots
Cash	1224.5-25.5	1220-21	1224/1217	1217.5-18		
3 months	1245.5-46	1245-46	1246/1240	1241-41.5	1246-47	104,299 lots
Lead (£ per tonne)						Total daily turnover 4,383 lots
Cash	295-5.50	293.5-4.5		294.5-95		
3 months	305.25-5.5	304-04.5	306/306	305.5-06	304-05	18,402 lots
Nickel ($ per tonne)						Total daily turnover 4,354 lots
Cash	7185-90	7120-30		7180-85		
3 months	7260-65	7200-05	7275/7230	7240-41	7265-70	25,241 lots
Tin ($ per tonne)						Total daily turnover 1,637 lots
Cash	6455-65	6445-55		6445-55		
3 months	6490-95	6475-85	6520/6445	6480-85	6510-6515	9,434 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 9,314 lots
Cash	1445-50	1423-28	1450	1449-51		
3 months	1258-59	1253-54	1261/1255	1258-59	1257-58	56,016 lots

LME Closing £/$ rate: SPOT: 1.8520 3 months: 1.8267 6 months: 1.8014 9 months: 1.7816

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	339.70-340.00	
Opening	340.20-340.60	
Morning fix	340.25	183.671
Afternoon fix	339.80	183.053
Day's high	341.30-341.60	
Day's low	339.50-339.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.51	6 months	3.39
2 months	3.46	12 months	3.56
3 months	3.42		

Silver fix	p/troy oz	US cts equiv
Spot	221.60	410.65
3 months	227.05	414.65
6 months	232.40	418.90
12 months	243.15	428.96

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	339.50-340.50	183.00-183.50
Maple leaf	350.00-351.00	188.75-189.25
New Sovereign	83.00-84.00	44.75-45.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1200	80	101	3	5 3
1300	6	33	26	36
1400	3	6	119	107
Copper (Grade A)	**Calls**		**Puts**	
2100	171	174	3	3
2200	72	84	3	9
2300	8	24	34	49
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
600	100	28		1
700	9	46	9	19
750		21	50	41
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
600		6	75	61
650		2	135	107
700			175	165
Brent Crude	**Aug**	**Sep**	**Aug**	**Sep**
2100	40		15	
2150	23			
2200	10			

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Jun	342.8	340.5	343.8	339.9
Jul	343.8	341.2	0	0
Aug	344.7	342.3	345.8	341.3
Oct	346.6	344.2	347.5	343.1
Dec	348.6	346.2	349.7	345.4
Feb	350.9	348.5	351.5	351.4
Apr	353.2	350.8	354.0	352.0
Jun	355.7	353.2	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jun	370.1	0	367.0	367.0
Jul	370.1	368.5	371.0	366.0
Oct	377.1	375.5	378.0	373.0
Jan	375.4	373.8	377.0	373.5
Apr	375.3	373.6	372.0	372.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jun	412.1	409.8	407.0	407.0
Jul	412.8	410.5	413.5	406.5
Aug	414.6	412.3	0	0
Sep	415.9	413.7	418.5	410.0
Dec	420.5	418.3	421.0	415.0
Jan	422.2	420.0	0	0
Mar	425.7	423.5	426.0	420.5
May	429.3	427.1	426.0	426.0
Jul	432.8	430.7	429.5	428.5
Sep	437.0	435.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	103.55	103.00	103.75	103.30
Jul	103.40	102.95	103.95	103.10
Aug	103.35	102.95	0	0
Sep	103.35	102.95	103.80	103.10
Oct	103.35	102.95	0	0
Nov	103.30	102.90	0	0
Dec	103.25	102.90	103.60	103.10
Jan	102.95	102.85	102.80	102.60
Feb	102.70	102.60	0	0
Mar	102.55	102.35	102.80	102.55

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	10.27	10.10	10.29	10.04
Oct	9.70	9.60	9.71	9.56
Mar	9.53	9.43	9.53	9.42
May	9.43	9.36	9.45	9.38
Jul	9.36	9.31	9.36	9.30
Oct	9.25	9.20	9.30	9.30

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jul	22.24	22.35	22.39	22.18
Aug	22.25	22.35	22.40	22.20
Sep	22.13	22.22	22.27	22.08
Oct	22.08	22.10	22.15	21.96
Nov	21.98	21.98	22.05	21.88
Dec	21.86	21.86	21.95	21.78
Jan	21.75	21.71	21.83	21.65
Feb	21.59	21.56	21.71	21.50
Mar	21.40	21.42	21.40	21.40
Apr	21.30	21.29	21.29	21.25

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jul	6095	6088	6135	6085
Aug	6150	6152	6190	6130
Sep	6250	6258	6290	6235
Oct	6350	6343	6380	6330
Nov	6465	6428	6470	6425
Dec	6500	6503	6550	6495
Jan	6530	6508	6555	6500
Feb	6410	6378	6420	6380
Mar	6180	6133	6195	6185
Apr	5975	5913	5995	5975

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Jul	828	812	832	818
Sep	877	859	879	865
Dec	933	915	935	922
Mar	983	968	988	978
May	1020	998	1020	1007
Jul	1046	1027	1050	1039
Sep	1075	1055	1074	1068
Dec	1115	1095	1118	1114

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Jul	60.85	60.00	61.30	60.00
Sep	62.75	61.90	63.20	62.10
Dec	65.60	64.80	66.00	65.00
Mar	68.55	67.75	68.90	67.80
May	72.75	72.00	72.75	72.65
Jul	74.95	74.40	75.00	75.00
Sep	76.50	76.05	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Jul	62.72	61.73	63.00	62.29
Oct	64.64	63.40	63.30	64.30
Dec	64.88	63.16	65.00	64.10
Mar	65.60	64.00	66.00	64.60
May	66.00	64.50	66.00	65.24
Jul	66.26	64.80	65.80	65.50
Oct	64.13	63.75	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	125.55	131.10	130.35	125.25
Sep	118.00	122.80	122.00	118.00
Nov	113.95	116.75	116.25	113.65
Jan	112.80	115.00	114.50	112.60
Mar	112.05	114.80	114.75	112.05
May	112.05	114.30	114.25	112.75
Jul	112.00	114.30	114.75	113.00
Sep	112.40	114.30	114.75	113.00
Nov	112.40	114.30	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jun.12	Jun.11	mnth ago	yr ago
1585.4	1591.0	1598.1	1760.7

DOW JONES (Base: Dec. 31 1974 = 100)	Jun.11	Jun.10	mnth ago	yr ago
Spot	118.92	118.94	118.85	130.90
Futures	119.28	118.36	119.66	126.98

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jul	618/2	620/2	619/4	614/0
Aug	620/4	623/4	623/0	618/4
Sep	626/0	628/4	627/0	623/0
Nov	632/2	635/4	635/0	629/0
Jan	641/0	643/2	642/0	637/0
Mar	649/0	651/0	649/0	645/0
May	652/0	654/6	652/0	649/4

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	21.63	21.73	21.75	21.55
Aug	21.77	21.87	21.89	21.70
Sep	21.95	22.04	22.04	21.86
Oct	22.07	22.18	22.15	22.02
Dec	22.40	22.44	22.45	22.28
Jan	22.50	22.55	22.52	22.42
Mar	22.75	22.75	22.75	22.70
May	22.95	22.95	0	0

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jul	183.8	184.7	184.2	183.2
Aug	184.6	185.5	184.8	184.1
Sep	185.4	186.0	185.9	184.9
Oct	203.4	204.3	203.8	202.8
Dec	204.0	204.3	204.2	203.0
Jan	204.3	204.7	204.3	203.5
Mar	205.0	205.5	205.3	204.2
May	205.5	206.5	205.5	205.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Jul	259/2	261/6	260/2	259/0
Sep	263/2	265/4	264/0	262/6
Dec	267/2	269/0	267/4	265/4
Mar	274/2	276/0	274/2	272/2
May	276/6	278/4	277/0	276/2
Jul	279/0	280/6	279/0	277/0
Sep	263/4	266/0	263/4	263/4
Dec	258/6	261/0	259/4	256/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Jul	360/0	363/2	364/0	358/4
Sep	363/6	367/4	368/0	362/6
Dec	370/2	374/6	375/6	369/4
Mar	370/2	375/0	375/4	369/4
May	359/0	359/0	360/4	358/4
Jul	340/0	340/0	341/0	339/0
Sep	347/0	347/0	0	0
Dec	357/0	360/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	73.275	73.125	73.300	73.000
Aug	70.675	70.375	70.800	70.275
Oct	70.325	70.000	70.450	69.975
Dec	69.825	69.475	69.925	69.475
Feb	69.625	69.250	69.700	69.275
Apr	70.825	70.625	70.850	70.550

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Jun	48.400	47.675	48.580	47.675
Jul	44.975	44.500	45.150	44.700
Aug	42.575	42.425	42.850	42.475
Oct	38.675	38.550	38.925	38.650
Dec	41.250	41.350	41.550	41.200
Feb	42.850	43.150	43.300	42.750
Apr	42.200	42.300	42.360	42.175
Jun	47.250	47.500	47.600	47.225

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	31.550	31.625	32.050	31.350
Aug	29.575	29.600	30.050	29.400
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slides again on CPI

THE DOLLAR again slipped sharply against the D-Mark on the foreign exchanges yesterday after low consumer price data invited speculation that the Federal Reserve could ease interest rates, *writes James Blitz.*

The US currency hit a low of DM1.5691 after the consumer price data showed that inflation grew by a meagre 0.1 per cent in May and by 0.2 per cent in the non-food and energy sectors. The market had been expecting a rise of 0.3 per cent for both figures.

By the end of the European session, the dollar had clambered back up to close at DM1.5770, compared to a previous close of DM1.5790. But analysts feel that the downside risk for the US currency remains strong. "The figures show that the Fed has all the room in the world to ease monetary policy," said one bank trader.

The dollar's weakness is exacerbated by the German currency's growing strength in the European Monetary System. The tremors created by Denmark's "No" to the Maastricht treaty have started to fade away, but the markets now have to contend with Ireland's referendum next Thursday. Opinion polls indicate that the Irish will endorse the treaty, but the market will remain jittery.

Yesterday, two currencies were still suffering Maastricht blues. The Bank of Spain intervened in the market in the morning, selling D-Marks against the Spanish peseta at around Pta63.06. This came after Spain's consumer price index for May showed a higher than expected rise of 0.3 per cent. The Bank regards the containment of inflation as one of its main priorities, and will thus want to keep the currency strong. The peseta closed stronger at Pta62.88 compared to a previous close of Pta63.09.

The Italian lira was also supported by intervention, as the Bank of Italy sold about DM60m at the midday currency fixing. But the currency still fell back to Lira757.20 to the D-Mark from a previous close of Lira756.40. Senior Italian officials said that Italian money market rates were adequate to defend the currency if next week's Irish vote starts to look uncertain.

Sterling, which has suffered alongside the lira all week, gained against both the D-Mark and the dollar after May's UK retail prices index was unchanged at 4.3 per cent for the year. The pound closed up ½ a pfennig at DM2.9200. Against the dollar, it closed at \$1.8520 from a previous close of \$1.8460.

The yen weakened marginally against the D-Mark after the May Tankan report on business performance confirmed the broad weakness of the Japanese economy. The D-Mark rose to Y80.31 from a previous close of Y80.27.

£ IN NEW YORK

June 12	Latest	Previous Close
£ Spot	1.8490-1.8500	1.8500-1.8510
1 month	0.93-0.91pm	0.91-0.89pm
3 months	2.72-2.70pm	2.69-2.66pm
12 months	9.10-9.00pm	8.95-8.85pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	June 12	Previous
8.30 am	92.7	92.6
9.00 am	92.7	92.6
10.00 am	92.8	92.6
11.00 am	92.8	92.6
Noon	92.8	92.6
1.00 pm	92.8	92.6
2.00 pm	92.8	92.5
3.00 pm	92.8	92.5
4.00 pm	92.8	92.7

CURRENCY MOVEMENTS

Jun 12	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.8	-19.2
U.S Dollar	62.3	-16.2
Canadian Dollar	99.6	-2.4
Austrian Schilling	110.2	+12.4
Belgian Franc	111.6	-1.8
Danish Krone	109.7	+3.7
D-Mark	119.0	+25.3
Swiss Franc	106.8	+13.7
Dutch Guilder	114.7	+16.4
French Franc	104.8	-11.6
Lira	98.4	-20.2
Yen	142.1	+77.4
Peseta	107.8	-18.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for June 11

CURRENCY RATES

Jan 12	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.766085	0.702639
U.S Dollar	3.50	1.40423	1.30164
Canadian $	6.62	1.67525	1.56155
Austrian Sch	7.50	15.7133	14.4287
[illegible]	[illegible]	[illegible]	[illegible]

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculation. * All SDR rates are for June 11

OTHER CURRENCIES

[illegible]

*Floating rate. Iran Official rate £119.10 \$65.50

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jun 12	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	170.371	-4.68	5.83	77
Spanish Peseta	133.631	129.401	-3.17	4.18	54
Belgian Franc	42.4032	42.1926	-0.50	1.39	25
Dutch Guilder	2.31643	2.30924	-0.31	1.20	16
D-Mark	2.05586	2.05008	-0.28	1.17	19
Irish Punt	0.767417	0.767611	0.03	0.86	0
French Franc	6.89509	6.90519	0.15	0.73	-7
Sterling	0.696904	0.702639	0.82	0.06	-18
Danish Krone	7.84195	7.90745	0.84	0.05	-37
Italian Lira	1538.24	1551.81	0.88	0.00	-42

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jun 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8495 - 1.8545	1.8515 - 1.8525	0.92-0.90cpm	5.90	2.72-2.69pm	5.84
Canada	2.2035 - 2.2120	2.2035 - 2.2045	0.75-0.67cpm	3.87	1.50-1.42pm	2.65
Netherlands	3.2800 - 3.2950	3.2850 - 3.2950	⅛-parcpm	0.23	¼-parpm	0.15
Belgium	59.90 - 60.15	60.05 - 60.15	4-1cpm	0.50	6-2pm	0.27
Denmark	11.2300 - 11.2675	11.2550 - 11.2650	⅜-1⅝oredis	-1.27	1⅞-2⅞dis	-0.73
Ireland	1.0915 - 1.0930	1.0920 - 1.0930	0.02dis-0.01pm	-0.05	0.05dis-0.01pm	-0.07
Germany	2.9125 - 2.9225	2.9175 - 2.9225	⅛-parpfpm	0.26	⅛-parpm	0.09
Portugal	241.50 - 243.10	241.80 - 242.80	112-149cdis	-6.46	351-416dis	-6.33
Spain	183.45 - 184.50	183.45 - 183.75	37-44cdis	-2.65	121-134dis	-2.78
Italy	2204.50 - 2212.75	2210.25 - 2211.25	6-8liredis	-3.80	18-20dis	-3.44
Norway	11.3900 - 11.4225	11.3950 - 11.4050	⅛-½oredis	-0.33	⅞-1⅛dis	-0.42
France	9.8125 - 9.8475	9.8350 - 9.8450	⅛-¼cdis	-0.30	⅝-1⅛dis	-0.36
Sweden	10.5175 - 10.5600	10.5475 - 10.5575	1⅛-1⅞oredis	-1.78	4½-5⅝dis	-1.92
Japan	233.75 - 235.00	234.00 - 235.00	1⅛-⅞ypm	5.12	3¼-3pm	5.22
Austria	20.49 - 20.56	20.52 - 20.55	1¼-⅛gropm	0.58	1⅛-¼pm	0.13
Switzerland	2.6350 - 2.6475	2.6350 - 2.6450	⅛-parcpm	0.28	⅜-¼pm	0.47
Ecu	1.4220 - 1.4270	1.4230 - 1.4240	0.06-0.11cdis	-0.72	0.23-0.31dis	-0.76

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.14-5.09pm. 12 Month 9.03-8.93pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jun 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8498 - 1.8545	1.8515 - 1.8525	0.92-0.90cpm	5.90	2.72-2.69pm	5.84
Ireland†	1.6900 - 1.7000	1.6945 - 1.6955	0.84-0.81cpm	5.84	2.55-2.48pm	5.94
Canada	1.1895 - 1.1935	1.1910 - 1.1920	0.19-0.21cdis	-2.01	0.53-0.57dis	-1.85
Netherlands	1.7685 - 1.7795	1.7760 - 1.7770	0.83-0.85cdis	-5.67	2.51-2.54dis	-5.69
Belgium	32.30 - 32.50	32.40 - 32.50	14.00-15.00cdis	-5.36	44.00-47.00dis	-5.61
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

Jun 12	£	$	DM	YEN	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.	Pta	Ecu
£	1	1.852	2.920	234.5	9.840	2.640	3.290	2211	2.204	60.10	183.6	1.423
$	0.540	1	1.577	126.6	5.313	1.425	1.776	1194	1.190	32.45	99.14	0.768
DM	0.342	0.634	1	80.31	3.370	0.904	1.127	757.2	0.755	20.58	62.88	0.487
YEN	4.264	7.898	12.45	1000.	41.96	11.26	14.03	9429	9.399	256.3	782.9	6.068
F Fr.	1.016	1.882	2.967	238.3	10.	2.683	3.343	2247	2.240	61.08	186.6	1.446
S Fr.	0.379	0.702	1.106	88.83	3.727	1	1.246	837.5	0.835	22.77	69.55	0.539
N Fl.	0.304	0.563	0.888	71.28	2.991	0.802	1	672.0	0.670	18.27	55.81	0.433
Lira	0.452	0.838	1.321	106.1	4.450	1.194	1.488	1000.	0.997	27.18	83.04	0.644
C $	0.454	0.840	1.325	106.4	4.465	1.198	1.493	1003	1	27.27	83.30	0.646
B Fr.	1.664	3.082	4.859	390.2	16.37	4.393	5.474	3679	3.667	100.	305.5	2.368
Pta	0.545	1.009	1.590	127.7	5.359	1.438	1.792	1204	1.200	32.73	100.	0.775
Ecu	0.703	1.301	2.052	164.8	6.915	1.855	2.312	1554	1.549	42.23	129.0	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8520	1.8429	1.8250	1.8009	1.7622
D-mark	2.9200	2.9197	2.9195	2.9193	2.9160
French Fr.	9.8400	9.8175	9.7645	9.6770	9.6425
Swiss Fr	2.6400	2.6392	2.6370	2.6319	2.6176
Yen	234.50	233.50	231.44	228.46	222.96

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
106	-	-	-	0.22	-	-
107	1.10	1.58	-	0.48	0.81	0.99
108	0.58	1.08	-	0.92	-	-
109	0.26	0.66	-	-	-	-
110	0.11	0.40	-	-	-	-
111	0.04	0.22	-	-	-	-
Open Int	71,814	26,921	200	69,251	27,682	200

Estimated volume 21,337 Total Open Interest 196,068

BANK RETURN

BANKING DEPARTMENT	Wednesday June 10, 1992	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	108,282,298	- 4,509,308
Bankers Deposits	1,425,993,700	- 16,007,843
Reserve and other Accounts	3,706,279,969	+ 17,089,472
	5,255,088,967	- 3,427,679
ASSETS		
Government Securities	1,272,568,175	- 423,850,000
Advance and other Accounts	2,409,770,838	+ 134,808,554
Premises Equipment & other Secs	1,560,861,445	+ 277,556,113
Notes	11,689,658	+ 7,850,006
Coin	200,851	+ 7,648
	5,255,088,967	- 3,427,679
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,988,310,342	- 7,850,006
Notes in Banking Department	11,689,658	+ 7,850,006
	16,000,000,000	
ASSETS		
Government Debt	11,015,100	
Other Government Securities	9,366,764,601	+ 540,878,294
Other Securities	6,622,220,299	- 540,878,294
	16,000,000,000	

MONEY MARKETS

Big shortage fears

SHORT rates in the sterling cash market closed firmer yesterday as traders positioned themselves for the very large shortages expected next week.

A large number of the Bank of England's repurchase agreements are due to expire next week. Analysts guess that there could be shortages of between £5bn and £7bn over the next five trading days.

As a result, short term rates ended the day a little firmer, looking into next week rather than to this side of the weekend. In the morning, money had been inexpensive after the Bank of England forecast a shortage of only £250m. But by lunchtime, 3-month money was already firming up to 10 per cent, even though the overnight rate was down at 8 per cent.

That was the tight tone on which the day ended: the 1-week rate ended at 10¼ per cent from a previous close of 9¼ per cent, and everything from 1-month money to 3-month closed at 10 per cent from a previous close of 9⅞ per cent.

The Bank of England's operations were light. The Bank did not operate in the market in the morning. The shortage forecast was later revised to around £200m. In the afternoon, the Bank purchased £150m of Band-1 bank bills at 9⅞ per cent and £39m of Band-2 bank bills at 9⅞ per cent. The Bank provided late assistance of around £15m.

Futures trading responded to the tighter money conditions around the short dates. The June short sterling contract dropped 3 ticks on the day to close at 89.97. This suggests that 3-month sterling libor next week, when the contract expires, will be at 10.03 per cent. The September contract dropped one tick to close at 90.22. This suggests that 3-month sterling libor in the Autumn will be at 9.78 per cent.

Analysts said that yesterday's retail prices inflation for May, which was unchanged at an annual rate of 4.3 per cent, had little impact on the market. "The RPI was better than expected," said one dealer, "but people had already revised their forecast downwards in the run-up to the news."

Instead, the market was gloomier after Mr Helmut Schlesinger, the Bundesbank President, said that there was no scope for a lowering of German interest rates.

UK clearing bank base lending rate 10 per cent from May 5, 1992

FT LONDON INTERBANK FIXING

(11.00 a.m. June 12) 3 months US dollars		6 months US Dollars	
bid 3⅞	offer 4	bid 4⅛	offer 4¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Lunchtime

		Treasury Bills and Bonds	
Prime rate	6½	One month	[illegible]
Broker loan rate	6	Two month	[illegible]
Fed. funds	3⅝	Three month	[illegible]
Fed. funds at intervention	-	Six month	[illegible]
		One year	[illegible]
		Two year	[illegible]

June 12	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.55-9.65	9.60-9.70	9.65-9.75	[illegible]	[illegible]	[illegible]
Paris	9⅞-10	9⅞-10⅛	9⅞-10⅛	[illegible]	[illegible]	[illegible]
Zurich	8⅞-9⅛	9⅛-9½	-	[illegible]	[illegible]	[illegible]
Amsterdam	9.37-9.43	9.42-9.50	-	[illegible]	[illegible]	[illegible]
Tokyo	4⅞-4⅞	4⅞-4⅞	-	[illegible]	[illegible]	[illegible]
Milan	12½-13	13⅞-14	-	[illegible]	[illegible]	[illegible]
Brussels	9⅞-9⅞	9⅞-9⅞	-	[illegible]	[illegible]	[illegible]
Dublin	9¼-9½	9⅞-10	9⅞-10⅛	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Jun 12	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	9⅛	9⅞	10	[illegible]	[illegible]	[illegible]
Interbank Bid	6	9⅞	9⅞	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	9⅞	[illegible]	[illegible]	[illegible]
Local Authority Deps.	9⅞	9⅞	9⅞	[illegible]	[illegible]	[illegible]
Local Authority Bonds	-	-	-	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	7⅞	9⅞	-	[illegible]	[illegible]	[illegible]
Company Deposits	-	-	9⅞	[illegible]	[illegible]	[illegible]
Finance House Deposits	-	-	9⅞	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	-	-	9½	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	-	-	9½	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	-	-	-	[illegible]	[illegible]	[illegible]
Dollar CDs	-	-	3.72	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	-	-	6½	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	-	-	6⅛	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	-	-	10⅞	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	-	-	10⅜	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 9½ per cent; three months [illegible] Bank Bills (sell); one-month 9⅞ per cent; three months [illegible] tender rate of discount 9.4158 p.c. ECGD Fixed Rate Sterling [illegible] 29, 1992. Agreed rates for period June 24, 1992 to July [illegible] Schemes II & III: 11.35 p.c. Reference rate for period May [illegible] IV&V: 10.122 p.c. Local Authority and Finance Houses [illegible] fixed. Finance Houses Base Rate 10½ from June 1, 1992: [illegible] days notice 4 per cent. Certificates of Tax Deposit (Series [illegible] under one month 7 per cent; one-three months 9½ per cent; [illegible] months 9 per cent; nine-twelve months 9 per cent; Under £1[illegible] Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk.	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Duncan Lawrie	10	Mount Banking	10
● Henry Ansbacher	10	Equatorial Bank plc	10	NatWestminster	10
B & C Merchant Bank	10.5	Exeter Bank Limited	10.5	Northern Bank Ltd	10
Bank of Baroda	10	Financial & Gen. Bank	10	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	● Robert Fleming & Co.	10	Provincial Bank PLC	14
Bank of Cyprus	10	Robert Fraser & Ptnrs.	10.5	● Rea Brothers	10
Bank of Ireland	10	Girobank	10	Roxburghe Bank Ltd.	11
Bank of India	10	● Guinness Mahon	10	Royal Bk of Scotland	10
Bank of Scotland	10	Habib Bank A.G. Zurich	10	● Smith & Williamson Secs.	10
Banque Belge Ltd	10	● Hambros Bank	10	Standard Chartered	10
Barclays Bank	10	Hampshire Trust Plc	13.5	TSB	10
Benchmark Bank	11	Heritable & Gen Inv Bnk.	10	Unibank plc	10
Brit Bk of Mid East	10	● Hill Samuel	10	● United Bk of Kuwait	10
● Brown Shipley	10	C. Hoare & Co.	10	Unity Trust Bank Plc	10
CL Bank Nederland	10	Hongkong & Shanghai	10	Western Trust	10
Citibank NA	10	Julian Hodge Bank	10	Whiteaway Laidlaw	10
City Merchants Bank	10	● Leopold Joseph & Sons	10	Yorkshire Bank	10
Clydesdale Bank	10	Lloyds Bank	10		
Co-operative Bank	10	Meghraj Bank Ltd	10		
Coutts & Co	10				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES— Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2904

Exchequer 10½% Stk 2005 – £110½

Guaranteed Export Finance Corp PLC 12½% Gtd Ln Stk 2002(Reg) – £120⅛ ¼

Corporation and County Stocks

No. of bargains included nil

Corp of London 3½% Deb Stk 83/93 – £94

New Zealand 9¾% Bds 1995 – £100⅝ (8Je92)

Nippon Telegraph and Telephone Corp 10⅝% Bds 2001 (Br £1000&10000) – £107⅞ (5Je92)

Norway (Kingdom of) 7% Nts 1996 (Br $5000&100000) – $101⅞ (8Je92)

PCO Finance Ld 8% Cnv Bds 2005 (Br £5000) – £53 (8Je92)

Pearson PLC 10½% Bds 2008 – £98⅝ 9

Peninsular & Oriental Steam Nav Co 4¾% Cnv Bds 2002 – £118 (5Je92)

Peninsular & Oriental Steam Nav Co 11½% Bds 2014 (Br £10000&100000) – £104½

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Investment Trusts

Miscellaneous Warrants

USM Appendix

Rule 535(2)

Pan Andean Resources PLC Ord 1p – £0.04 (10Je92)

Poddington PLC Ord 5p – £0.03 (8Je92)

Quay Properties Ld £1 – £1.05 (8Je92)

Rangers Football Club PLC Ord 10p – £0.7 0.72 0.8

A Deb Stk £1000 – £600

Regent Inns PLC Ord 25p – £0.65

Rothschild Continuations Ld Cum 2nd Prf 10p – £1.78 1.82 (5Je92)

Select Industries PLC Ord 2½p – £0.065 0.07

New Ord 7½p(2½p Regd) – £0.0375 (8Je92)

Severn Valley Railway(Hldgs)PLC Ord £1 – £0½ (8Je92)

Shepherd Neame Ld "A" Ord £1 – £4½ (8Je92)

Sinclair Research Ld Ord 25p – £0.48 (9Je92)

Southern Newspapers PLC Ord £1 – £2.15

Sun Oil Britain Ld Oil Royalty Stk Units 1p – £0½

Thwaites(Daniel)& Co PLC Ord 25p – £1⅞ (8Je92)

Transatlantic Hldgs PLC Ord 50p – £2.6 (5Je92)

Cnv Cum Prf 50p – £3.1 (5Je92)

Verdon PLC Ord 25p – £0.53 (10Je92)

Weetabix Ld "A" Non.V Ord 25p – £11.7♦

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

American Home Products $69.06
City Developments S$4.325♦4.195 (5/6)
Devex A$0.926 (9/6)
Malaysian Plants 10
National Electronics 4.5
North Flinders Mines 1.47 (8/6)
Oil Search 35
Palabora Mining 11.875♦ (10/6)
Rutgerswerke AG DM494.73 (5/6)
Selangor Coconuts 38.6♦ (10/6)
Storer Communications SK309.4
United Overseas Land S$1.64 (10/6)
Westfield Minerals 40 (10/6)

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LONDON STOCK EXCHANGE

Account closes with further setback

By Terry Byland
UK Stock Market Editor

A RENEWED wave of bad news from the corporate sector brought further losses in the UK stock market as the two week trading account closed yesterday. Trading was dominated by an interim trading report from Fisons, the pharmaceutical group, where the chairman said profits for the first half year would be below the comparable figures; the shares fell by £1.00 in heavy turnover which convinced some traders that a would-be predator had shown his hand again.

The Fisons blow fell on a stock market already unsettled this week by repeated signs from leading British companies that the recession in the UK economy continues to bear down heavily on corporate earnings. In the second half of the trading session, London almost gave up hope and share prices backed away in spite of a firm start on Wall Street; the Dow Jones Industrial Average was 20 points up when London closed only a couple of points above its low point for the day.

Account Dealing Dates

*First Dealings:		
Jun 1	Jun 15	Jun 29
Option Declarations:		
June 11	Jun 25	Jul 9
Last Dealings:		
Jun 12	Jun 26	Jul 10
Account Day:		
Jun 22	Jul 6	Jul 20

*New-time dealings may take place from 8.30 am two business days earlier.

The final reading put the FT-SE Index at 2,603.7, for a net loss of 10.4. The Index touched 2,601.4 earlier but traders drew little encouragement from its success in holding on to the Footsie 2,600 mark.

Yesterday's setback brought the loss in the Footsie over the two week trading account to 103.8 points, or 3.8 per cent. The reaction from the strength which followed the re-election of the Conservative government in the UK general election last April has been prompted by uncertainty over prospects for the Maastricht treaty, following its rejection in the the Danish referendum, and also by concern over UK corporate earnings.

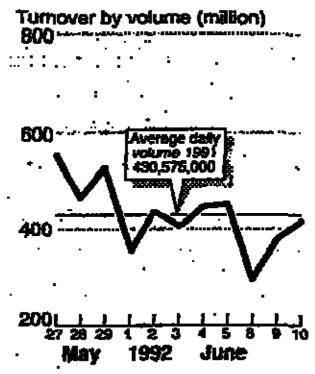
While genuine investment business has declined, intra-market activity has increased as marketmakers have grown uneasy ahead of the expiry of the June futures contract on the FT-SE Index. Seaq turnover remained high yesterday at 497.7m shares, although there was no repetition of the trading programmes which boosted turnover on Thursday to 597.7m shares.

The London market was also depressed by a sharp fall in BP shares after US sources turned determined sellers.

Such was the stock market's concern with the flow of disappointing company news that little heed was paid to the May Retail Price Index, showing an unchanged annualised rate of 4.3 per cent; government bonds ended little changed after the announcement of a new issue of £500m Index-linked bonds.

● Customer, or retail volume in equities continues to struggle to recover from nervousness over prospects for the Maastricht treaty.

London SE volume



Fisons warning stuns

DEALERS *were stunned by the* profits warning emanating from Fisons and quickly responded by hacking the share price in an attempt to stave off panic selling.

The extent of the market's unhappiness with Fison's management was made quite clear by the size and persistence of the selling pressure which continued to drive the share price lower as the session wore on.

There had been no early warning signals to the market that profits had collapsed so quickly. Analysts scurried away to rework their profits numbers for the current and following years after the shocking revelations announced by *Mr Patrick Egan, Fisons' chairman.*

At the close the shares were 100 lower at 245p, having touched 236p earlier in the session. Turnover reached 41m shares. Dealers stunned by the waves of selling pressure hitting the market all day, said the shares would probably come under more pressure next week; "it's got to the stage where a bid for the company would probably win acceptance from the institutions in record time," said one senior dealer.

AP Ports collapse

A clutch of profit downgradings, including one from its broker sent shares in the UK's largest ports operator Associated British Ports (AB Ports) tumbling, which affected sentiment in a number of other transport related stocks.

By the close, the shares had fallen a mighty 66 to 344p, and had traded even lower in the *course of the session.* Cazenove, the company's broker led the downgradings but cuts in profit estimates also came from UBS Philips & Drew and Smith New Court, which reduced its current year estimate by £12.5m to £55, and the following year's figure by £11.4m to £67m.

Mr Clive Anderson at Smith said: "We concluded that conditions in the ports business in the first half appeared flat, and we are not aware of significant property disposals so far."

Poor sentiment resulting from the downgradings weakened a number of transport related stocks. These included **NFC** 6 lighter at 247p, and **Ocean Group**, down 9 at 274p. However it was worries about the property sector and vague talk about likely downgradings that sent **P&O** *falling* 28 to 460p.

BP setback

BP suffered one of the biggest individual falls among the footsie constituents, with the shares closing 10 off at 261p, albeit in thin trading of 4.7m shares, after Strauss Turnbull, the French-owned stockbroker with an exceptional reputation for calling the turn in the stock, posted a sell sign over the shares.

Mr John *Toalster*, Strauss's "big oil" guru, cast doubts over the potential of Cusiana, BP's big new oil discovery in Colombia, and said a dividend cut by BP is deemed to be essential to conserve cash, restrict the rise in gearing and provide a breathing space to devise a *survival strategy for the 1990's.*

The Strauss analyst summed up a dismal review of BP bny saying"In stockmarketterms the recent short-lived rally has presented investors with an ideal opportunity t sell at an attractive price prior to another substantial downward rating. The scene in the housebuilding area of the market was described by one leading marketmaker as an "absolute massacre," after Mr Colin Parsons, chairman of Taylor Woodrow, one of the UK's biggest housebuilding groups, warned of a reduction in its dividend payment.

Taylor Woodrow shares, which have been unsettled for some time, plummeted 10 to 94p and spearheaded a general plunge by a building sector *seen to be on the run all week* after a series of profits downgrades by building sector analysts.

In a general rout which drove many share prices to all-time lows, **George Wimpey** shares dropped 14 to 151p, Costain 5 to 52p, **John Mowlem** 9 to 120p, **Wilson Connolly** 8½ to 179p and **Wilson Bowden** 18 to 405p. **YJ Lovell** shares plunged to 8p at one point before stabilising and closing a net 7 off at 11p. **Persimmon** dropped 26 to 257p.

Broker BZW was reported to have advised investors to sell **British Steel**. The shares ended 2¼ lower at 71p as turnover reached 6.5m. Poor presentations at *British Aerospace* earlier in the week, leading to concern about the company's financial future, continued to dog the shares. They retreated 17 to 302p, though turnover at 1.5m was light.

A savage profits downgrading in Vickers sent the shares sliding 15 to 155p. SG Warburg cut his current year estimate by a hefty £22m to £18m. Mr Rob Golding at the securities house blamed continuing weakness in the Rolls-Royce cars and Cosworth divisions for the cut.

A Smith New Court profits downgrading in Simon Engineering left the shares 16 lighter at 252p.

Mr Ian Lowe at the broker reduced his current year forecast by 10.1 per cent to £16.9m and *said*: "Profits for the first half are likely to be around 52 per cent below last year's level."

Tesco improved 7½ to 276½p. It was the best performing Footsie stock on a generally dull day, as the market decided that the price/earnings differential between it and J. Sainsbury had widened too far and that Tesco was due for correction after being the weakest of the big three supermarket groups recently. Sainsbury hardened a penny to 458p, while **Argyll Group** slipped a similar amount to 352p.

Trading in **Asda** was below the recent high level, but the shares remained quite active on turnover of 6.2m, easing ¾ to 33¼p, as the market continued to digest the implications of a flotation by MFI, in which Asda has a 25 per cent stake.

Among food manufacturers **Hillsdown** lost 7 to 166p, but traders said this was not the result of any fundamental shift in the market, but was more likely to represent a badly handled selling order. **Northern Foods** continued to benefit from reaction to this week's good results, rising 3 to 617p.

There was some relief in the stores sector that the aggressive DIY sector does not appear to be continuing its price war this weekend. Kingfisher, holding company of B&Q, and recently suffering from price cutting in the DIY division, rallied 6 to 521p as traders decided that the price had probably gone too low.

Dixons continued to suffer from fears of price discounting in the retail sector, after Thursday's warning about a sales setback in the CBI's distributive trades survey. The shares fell 6 to 251p.

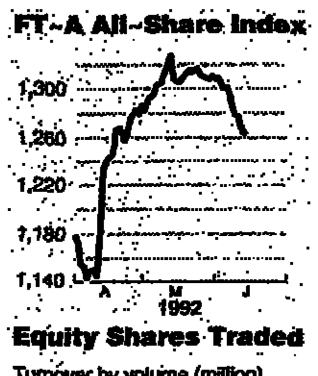
Property worries at Ladbroke caused the shares to lose 9½ to 213¼p. Bid speculation lifted regional brewer **Devenish** 9 to 278p, while its potential predator **Boddington** remained steady at 181p.

Bank shares rounded off a thoroughly unhappy week with further losses, still weakened by Standard & Poor's shift of its long term credit ratings for **Barclays, NatWest and Royal Bank of Scotland.** Barclays fell 7 more to 342p, NatWest 9 to 329p, and Lloyds 8 to 417p.

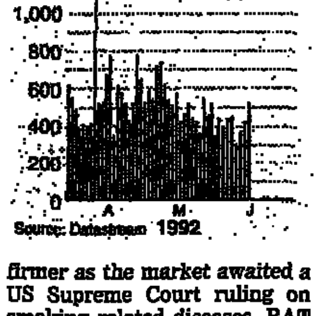
Tobacco companies were *firmer as the market awaited a* US Supreme Court ruling on smoking related diseases. **BAT Industries** gained 4 to 778p and **Rothmans "B"** rose 14 to 1103p, after County NatWest argued that even if the judgment goes against the tobacco companies it only gives plaintiffs the right to have cases heard by jury. Nothing will have been settled in terms of actual liability.

■ Other market statistics, Page 9.

FT-A All-Share Index



Equity Shares Traded



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (36). BRITISH FUNDS (8) Fdg 3½pc '99-04, Fdg 6pc '93, Treas 2½pc IL '01, Treas 2½pc IL '03, Treas 2½pc IL '11, Treas 2pc IL '94, Treas 2pc IL '98, Treas 2pc IL '06, OTHER FIXED INTEREST (2) Met Wtr 3pc B, N'wide Anglia 3⅞pc '21, BREWERS (1) Marston Thompson, BLDG MATLS (1) Manders, BUSINESS SERVS (1) Penna, CONTG & CONSTRCN (1) Melville, ELECTRONICS (2) Radius, Soundtracs, FOOD MANUF (1) Cranswick, FOOD RETAILING (1) Appleby Westward, HOTELS & LEIS (1) Pelican, INV TRUSTS (8) GT Chile, GT Chile Gth Wts, Latin American, New Zealand, Nth Brit Canadian, MEDIA (1) Aegis 9¾pc Pf, MERCHANT BANKS (1) Barings 9¼pc Pf, MISC (3) Flagstone, Stag Furniture, Tams (J), MOTORS (1) Quicks, OTHER FINCL (2) Flexitech, London Scot Bk, STORES (1) Oriflame, TRANSPORT (3) BAA, P & O 5½pc Pfd, Tibbett & Britten.

NEW LOWS (98). AMERICANS (7) Abbott Labs, Amer Cyanamid, California Energy, Gillette, Morris (P), Quaker Oats, Whirlpool, CANADIANS (2) Hawker Siddley, Intl Corona, BANKS (3) ANZ, Kyowa Saitama, Westpac, BLDG MATLS (1) Unigroup, BUSINESS SERVS (3) BNB Res, Burns-Anderson, Corporate Svcs, CHEMS (2) Hartons 7pc Pf, Schering, CONGLOMERATES (2) AGA, Cannon St Invs, CONTG & CONSTRCN (7) Beltz Bros, Birse, Cussins, Lovell (Y.J), NSM, Taylor Woodrow, Try, ELECTRICALS (1) Maddox, ELECTRONICS (1) Norsk Data, ENG GEN (2) Elliott (B), Locker (T), FOOD MANUF (2) Tate & Lyle, Do 7.25p Pf, HEALTH & HSEHOLD (2) Fisons, London Intl, HOTELS & LEIS (2) Castle Comms, Quadrant, INSCE COMPOSITE (2) Hafnia, Skandia, INV TRUSTS (4) Archimedes Inc, Drayton Korea, Korea-Europe, Schroder Korea, MEDIA (5) Capital Radio, Chiltern Radio, MMI, Storm, TSW, MERCHANT BANKS (1) Brown Shipley, MTL & MTL FORMING (1) Firth (GM), MISC (4) Amberley, Nu-Swift, Office & Elect, Waterman P'ship, OIL & GAS (2) Global Nat Res, Utd Energy, OTHER FINCL (2) Bancaire Cie, Mitsubishi, OTHER INDL MATLS (2) Marling, Whitecroft, PACKG, PAPER & PRINTG (1) Smurfit (J), PROP (7) Bolton, Britannia, Cabra, High-Point, Merivale Moore, Regalian, Wates City, STORES (1) Alexon, TRANSPORT (3) Cons Freightways, Eurotunnel Wts, Ocean, MINES (8) Bracken, Durban Deep, ERGO, Kinross, Leslie, Minorco, Southvaal, Unisel.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	57	9	15	162	143	100
Other Fixed Interest	12	1	4	16	29	40
Commercial, Industrial	144	542	755	749	2,325	4,139
Financial & Property	56	210	529	293	1,146	2,540
Oil & Gas	12	20	54	51	104	274
Plantations	0	2	7	1	3	41
Mines	23	39	91	91	156	486
Others	30	54	49	125	252	276
Totals	334	877	1,504	1,488	4,158	7,896

FINANCIAL TIMES STOCK INDICES

	June 12	June 11	June 10	June 9	June 8	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.82	88.71	88.63	88.60	88.70	83.95	89.62 (29/5)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	104.63	104.44	104.49	104.53	104.63	92.93	105.92 (2/6)	97.15 (2/1)	105.92 (2/6/92)	50.53 (3/1/75)
Ordinary Share●	2025.3	2039.5	2057.3	2056.6	2057.3	1970.8	2149.7 (22/5)	1851.4 (3/4)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	103.7	103.1	103.6	104.7	105.5	205.2	160.6 (10/1)	103.1 (11/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2603.7	2614.1	2636.1	2635.4	2645.8	2514.6	2737.6 (11/5)	2382.7 (3/4)	2737.6 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1207.55	1207.41	1218.14	1218.45	1222.98‡	1179.47	1248.79 (11/5)	1120.52 (8/1)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.56	4.54	4.50	4.51	4.49	4.84				
●Earning Yld %(full)	6.69	6.66	6.59	6.60	6.58	8.55				
●P/E Ratio(Net)(☆)	18.75	18.81	18.99	18.97	19.01	14.42				
SEAQ Bargns 5.00pm	27,661	22,751	22,156	22,902	22,545	25,298				
Equity Turnover(£m)†	-	1283.0	953.1	1010.5	772.6	989.25				
Equity Bargains†	-	26,449	25,806	24,641	25,367	24,326				
Shares Traded (ml)†	-	520.3	417.7	364.9	297.9	394.9				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.40 ‡ Partial

Ordinary Share Index, Hourly changes Day's High 2045.2 Day's Low 2025.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2045.2	2038.7	2027.4	2032.4	2033.2	2030.1	2031.2	2032.9	2027.5

FT-SE 100, Hourly changes Day's High 2621.7 Day's Low 2601.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2621.6	2614.5	2601.9	2607.5	2620.1	2607.7	2609.7	2612.2	2605.3

FT-SE Eurotrack 200, Hourly changes Day's High 1210.40 Day's Low 1203.10

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1205.00	1204.44	1205.34	1205.82	1205.69	1207.23	1208.94

GILT EDGED ACTIVITY

Indices*	June 11	June 10
Gilt Edged Bargains	126.7	95.5
5 – Day average	101.9	96.6

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	8	463	
ASDA Group	6,200	33½	-1
Abbey National	1,500	283	-2
Albert Fisher	3,100	71	-2
Allied-Lyons	677	658	+5
Amstrad	705	40	-½
Anglian Water	1,600	424	-3
Argos	147	365	-2
Argyll Group	2,300	352	-1
Arjo Wiggins	1,200	256	-2
Ass. Brit. Foods	291	409	-5
Ass. Brit. Ports	2,000	344	-66
BAA	828	701	+4
BAT Inds.	722	779	+4
BET	2,700	140	-6
BICC	278	328	-9
BOC	629	698	
BPB Inds.	4,300	169	-13
BTR	3,100	469	+10
Bank of Scotland	526	117	+1
Barclays	3,100	342	-7
Bass	1,200	596	-1
Berisford Int.	132	201½	
Blue Circle	1,300	217	-8
Booker	270	480	-9
Boots	2,508	449	-1
Bowater	227	814	+1
Brit. Aerospace	1,500	302	-17
British Airways	3,500	273	-2
British Gas	6,600	252½	+½
British Land	518	273	-7
BP	4,700	261	-10
British Steel	6,500	71	-2½
British Telecom	4,000	350½	+½
Br. Telecom New	3,900	129½	+1½
Bunzl	774	110	+1
Burmah Castrol	1,300	633	-4
Burton	4,300	60½	-1
Cable & Wire	1,400	534	-3
Cadbury Schweppes	684	482	+1
Calor Group	134	193	
Carlton Comms	494	656	+4
Coats Viyella	1,200	201	-5

	Volume 000's	Closing Price	Day's change
Comm. Union	595	491	+1
Cookson	695	152	-1
Courtaulds	441	557	+9
Dalgety	370	425	+1
De La Rue	349	574	-1
Dixons	1,400	251	-6
Eastern Elect.	1,200	280	+7
East Midland Elect.	875	293	+7
Eng China Clays	905	518	-15
Enterprise Oil	143	412	-4
Eurotunnel Units	333	345	
FKI	1,900	78	-1
Fisons	42,000	245	-100
Forte	1,900	222	-1
Gen. Accident	789	460	-1
General Elect.	1,600	223	+½
Glaxo	1,700	725	+14
Glynwed Int.	2,000	243	
Granada	1,800	297	-12
Grand Met.	2,100	478	-5
GUS A	488	1485	-1
GRE	625	153	+3
GKN	818	391	-9
Guinness	1,900	582	-4
Hammerson 'A'	17	366	-2
Hanson	5,600	217½	-2
Hanson Warrants	761	24¼	-½
Harrisons Crosfield	2,000	130	-5
Hillsdown	2,200	166	-7
IMI	311	277	-4
ICI	1,100	1285	-7
Inchcape	631	483	-2
Kingfisher	696	521	+6
Kwik Save	427	621	-2
Ladbroke	6,900	213½	-9½
Land Securities	243	404	-1
Laporte	267	609	+9
Legal & General	412	381	-11
Lloyds Abbey	763	380	-8
Lloyds Bank	3,600	417	-8
LASMO	3,800	194	-1
London Elect.	718	327	+4
Lonrho	2,200	84	-2

	Volume 000's	Closing Price	Day's change
Lucas	784	125	
MB Caradon	514	287	+5
MEPC	298	308	-1
Manweb	186	349	+3
Marks & Spencer	3,200	326	+1
Midland Bank	8,100	422	
Midlands Elect.	82	310	+4
NFC	2,400	247	-6
NatWest Bank	1,500	329	-9
National Power	4,500	236	+2
Next	3,500	90	-½
North West Water	2,300	411½	-8½
Northern Elect.	562	326	+2
Northern Foods	449	617	+3
Norweb	64	340	+4
Pearson	183	840	+8
P & O	4,100	460	-28
Pilkington	3,900	128	-3
PowerGen	762	248	+1
Prudential	3,800	250	-3
RHM	795	221	+2
RMC	599	553	-7
RTZ	795	612	-2
Racal	10,000	66¾	-½
Rank Org	580	711	
Reckitt & Colman	675	640	-2
Redland	981	502	+4
Reed Intl.	756	563	+9
Rentokil	167	184	-2
Reuters	582	1119	+6
Rolls Royce	4,700	164	-½
Rothmans	208	1103	+14
Ryl Bk Scotland	1,400	194	-3
Royal Insurance	2,600	240	-4
Saatchi	3,800	17¾	-¼
Sainsbury	3,700	458	+1
Scottish & New	851	463	-5
Scot. Hydro-Elect.	5,500	192	-1
Scottish Power	4,200	182	+1
Sears	2,600	90	+1
Sedgwick	224	205	-6
Seeboard	93	318	
Severn Trent Water	892	386	-6

	Volume 000's	Closing Price	Day's change
Shell Transport	2,800	510	-3
Siebe	456	704	-6
Slough Ests	197	182	-1
Smith (W.H.) A	307	459	+2
Smith & Nephew	4,300	147½	
SmKl Beecham	958	878	+5
SmKl Beecham Uts.	176	[illegible]	+27
Smiths Inds.	184	299	-5
Southern Elect.	85	299	+6
South Wales Elect.	277	368	+2
South West Water	252	402	-5
South West. Elect.	542	307	
Southern Water	1,300	398	-4
Standard Chartd.	2,000	458	-8
Storehouse	878	140	
Sun Alliance	635	308	+6
T&N	1,400	144	-4½
TI Group	1,300	363	-1
TSB	2,300	140	-2
Tarmac	5,600	115	-5
Tate & Lyle	995	378	-2
Taylor Woodrow	3,000	94	-10
Tesco	3,500	277	+8
Thames Water	2,100	436	
Thorn EMI	891	849	+2
Tomkins	1,200	483	+8
Trafalgar House	1,800	122	-4
Unigate	481	344	+2
Unilever	1,300	930	+7
United Biscuits	1,700	390	-4
Utd Newspapers	305	423	+1
Vodafone	4,500	352	-6
Warburg (SG)	144	553	-8
Wellcome	414	944	+6
Welsh Water	819	443	-8
Wessex Water	191	494	-6
Whitbread 'A'	873	465	+6
Williams Hldgs.	927	318	+3
Willis Corroon	581	246	-4
Wimpey	1,000	151	-14
Wolseley	182	403	-9
Yorkshire Elect.	379	368	+2
Yorkshire Water	1,300	452	-3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

The profits warning from Fisons sent an early shiver through stock index futures, and dominated trading in stock options writes Joel Kibazo.

The steady opening of the June contract on the FT-SE at 2,633 did not last for the profits *warning from Fisons sent* June tumbling to 2,612, the day's low point. A clutch of down gradings in the equities market also played a part in weakening sentiment.

The release of figures showing a fall in the underlying inflation rate in the UK helped curtail further falls in June and light buying led to a modest mid session advance.

The firm Wall street opening led to further buying activity in the afternoon though a loss of nerve as the market closed once again saw sellers assume the upper hand. June eventually closed at 2,613 down 16 on the previous session and around 9 points above its estimated fair value premium to cash of about 6. Turnover at 8,111 lots was reasonable.

Fisons dominated trading in the options, which recorded a total of 33,623 contracts. The FT-SE option traded 12,472 lots. Fisons traded a total of 5,746 contracts.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 02 1992 based on Friday June 12

Water	+	27.61	Other Groups	+	8.47
Motors	+	24.84	Chemicals	+	8.46
Other Industrial Materials	+	19.59	Indusrial Group	+	7.98
Food Retailing	+	19.44	500 Share Index	+	6.58
Textiles	+	19.11	All-Share Index	+	6.09
Engineering-General	+	18.87	Consumer Group	+	5.08
Electronics	+	16.86	Conglomerates	+	4.21
Capital Goods	+	15.52	Financial Group	+	3.97
Packaging & Paper	+	14.81	Food Manufacturing	+	3.72
Merchant Banks	+	14.52	Contracting, Construction	+	3.10
Media	+	14.36	Insurance (Composite)	+	2.82
Engineering-Aerospace	+	13.53	Business Services	+	2.65
Electricals	+	11.16	Investment Trust	+	2.59
Brewers & Distillers	+	11.01	Insurance (Life)	+	2.39
Hotels & Leisure	+	10.92	Telephone Networks	+	1.75
Metals & Metal Forming	+	10.53	Insurance (Brokers)	-	3.80
Banks	+	10.52	Oil & Gas	-	4.43
Transport	+	10.47	Health & Household	-	10.36
Electricity	+	10.07	Property	-	15.18
Stores	+	9.80	Gold Mines	-	24.80
Building Materials	+	9.69			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.6822	+0.626	8.65	8.95	9.23
BELGIUM		9.000	06/01	100.6500	+0.050	8.89	8.87	8.80
CANADA *		8.500	04/02	102.3000	-	8.15	8.28	8.51
DENMARK		9.000	11/00	99.9500	-0.050	8.99	8.91	8.74
FRANCE	BTAN	8.500	03/97	98.2853	-0.073	8.94	8.91	8.73
	OAT	8.500	11/02	98.2100	-0.040	8.75	8.70	8.56
GERMANY		8.000	01/02	100.3600	-0.160	7.93	7.94	7.96
ITALY		12.000	02/02	95.5950	-0.075	13.21†	13.05	12.57
JAPAN	No 119	4.800	06/99	95.4000	-	5.72	5.70	5.75
	No 129	6.400	03/00	105.0123	-0.061	5.48	5.46	5.49
NETHERLANDS		8.250	02/02	99.7300	-0.040	8.28	8.31	8.30
SPAIN		11.300	01/02	98.4000	-0.200	11.55	11.28	10.86
UK GILTS		10.000	11/96	102-29	+7/32	9.17	9.20	9.20
		9.750	08/02	104-04	+4/32	9.12	9.13	9.10
		9.000	10/08	99-28	+3/32	9.01	8.97	8.97
US TREASURY *		7.500	05/02	101-19	+12/32	7.27	7.29	7.34
		8.000	11/21	101-29	+18/32	7.83	7.85	7.86
ECU (French Govt)		8.500	03/02	96.9300	-0.170	8.98	8.90	8.57

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

COMMODITIES

WEEK IN THE MARKETS

LME to meet over zinc squeeze

THE TIGHTENING supply squeeze in the zinc market prompted the London Metal Exchange to announce late yesterday that an emergency board meeting would be held on Monday to review the state of the market.

Although LME warehouse stocks of zinc have been rising to ever-higher peaks a technical shortage centred on the June 17 delivery date has since the beginning of April pushed the market into a widening "backwardation" – a cash premium over forward metal – a situation normally associated with supply shortage. At yesterday's close the cash premium over three months metal reached $189 a tonne, up from $172 on Thursday.

On April 9, after the cash/three months backwardation had reached a relatively modest $12 a tonne, the LME board issued its second warning this year that it was closely monitoring the zinc market. It said at that time: "The board has at its disposal a variety of courses of acxtion *which* would be introduced should cicumstances dictate the necessity of such actions". The move was described by Mr Martin Abbott, the exchange's director of marketing as "a warning shot across the bows of anyone who might be thinking of playing any games in the zinc market". But the warning does not appear to have been heeded.

LME copper prices suffered a shake-out following last week's rally. But the market steadied yesterday as dealers opted for caution ahead of Sunday's labour contract vote at Noranda's Montreal smelter. The LME's cash price closed yesterday at £1,225 a tonne, down *£15.50 on the week.*

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+12,450	to 1,261,000
Copper	-575	to 263,350
Lead	+375	to 136,875
Nickel	+570	to 29,406
Zinc	+6,925	to 277,300
Tin	-230	to 12,546

Aluminium prices came under renewed pressure from investment fund liquidation early in the week and falls were magnified by the triggering of stop-loss selling orders. The three months LME price dipped to a 2½-month low of $1,294 a tonne before closing yesterday at $1,295.75 a tonne, down $32.75 on the week. Dealers ignored Tuesday's announcement of a modest fall in LME warehouse stocks and were equally unimpressed yesterday when a 12,450-tonne rise took the total to a record 1.261m tonnes.

The three months tin price pushed through resistance at $6,500 a tonne in mid week to reach a two-year high of $6,540 a tonne. But the speculator-driven advance quickly ran into profit-taking and by yesterday's close the price was back to $6,492.50 a tonne, up $25 on the week.

The London gold market was shaken out of its slumbers after the publication on Thursday of disappointing US retail sales figures, prompting speculation on the possibility of a cut in interest rates and heightening inflation fears. That helped to lift the London price above $340 a troy ounce for the first time since mid-April. The advance was not sustained, however, and the price closed yesterday at $339.50 an ounce, up $1.50 on the day and $1.10 on the week.

Platinum and silver prices were also influenced by the hopes on lower interest rates. Platinum rose $2.25 yesterday to $372.25 an ounce, up 25 cents on the week, while silver added 2 cents to Thursday's rally with the cash quotation ending at $4.09 an ounce, up 2.5 cents on the week.

At the London Futures and Options Exchange this week saw a resumption of the bear trend in the cocoa market and the establishment of fresh 16½-year lows. In the absence of fundamental developments to account for the fall, which left the September position £18 down at £545 a tonne, dealers attributed it chiefly to investment fund selling in the US and the continued slackness of consumer demand. They also noted that sentiment was weighed down by the prospect of further selling by the Ivory Coast, the world's biggest cocoa producer, which made a late start to this year's marketing campaign.

The coffee market fared better, but prices were still down on the week. Following last week's fall a steadier tone was apparent early on in the week. But this quickly evaporated as dealers saw no prospect of supportive developments until closer to the International Coffee Organisations talks scheduled for June 22-26. At yesterday's close the September robusta futures price was quoted at £727 a tonne, down £3 on the week.

New York cotton prices were boosted because of concern about the Texan crop, which is reported to have suffered severe damage in some areas from heavy rain. In late trading yesterday the October futures position reached 64.7 cents a lb, up 4.8 cents on the week.

Richard Mooney

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Local Authorities Mutual Invest. Tst.*

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Allied Dunbar Assurance Plc—Contd.

Century Life Plc—Contd.

Equitable Life Assurance Society

Henderson Administration(z)

Life Association of Scotland

NEL Britannia Assce Co Ltd—Contd.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or –	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
Lynch Wood, Peterborough PE2 6FY 0733 470470				
Property Dist. (Gross)	135.1	142.2	----	–
Property Acc. (Gross)	257.5	271.1	----	–
Equity (Gross)	900.3	947.7	-7.6	–
Managed (Gross)	626.4	659.4	-4.1	–
Property Acc. (Net)	123.1	129.6	----	–
Equity (Net)	208.5	219.4	-1.7	–
Managed (Net)	192.3	202.4	-1.2	–
International (net)	164.1	172.7	-1.5	–
Gilt & Fixed Interest	140.0	147.4	+0.1	–
Money Fund	139.4	146.7	----	–
Mixed Fund (Cap)	122.2	128.7	----	–
Mixed Fund (Acc)	126.2	132.9	----	–
Adventurous Managed	95.0	100.0	-0.4	–
Cautious Managed	95.8	100.9	----	–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	679.0	714.8	-4.5	–
Ret. Man (Series 2)	230.2	242.4	-1.6	–
Ret Cash	196.2	206.6	+0.1	–
Pens Mixed Fd (Cap)	136.4	143.6	----	–
Pens Mixed Fd (Acc)	141.0	148.5	----	–
Pens Stlg Fd (Cap)	105.6	109.1	----	–
Pens Stlg Fd (Acc)	107.0	112.7	----	–
Pegasus Assurance Ltd				
Broad Quay, Bristol BS1 4DJ 0272 230271				
Life Funds				
Managed Aggressive	103.9	109.4	-0.3	–
Managed Balanced	100.8	106.2	-0.4	–
Managed Cautious	112.7	118.6	-0.2	–
Pension Funds				
Managed Aggressive	108.7	114.5	-0.3	–
Managed Balance	105.8	111.4	-0.4	–
Managed Cautious	116.7	122.9	-0.2	–

For Pioneer Mutual see Swiss Pioneer

Premium Life Assurance Co Ltd

37–39, Perrymount Road, Haywards Heath 0444 458721

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs – Contd.						
ADI HQ Amer Gth(z)	5	0.802	0.802	0.8541	[illegible]	0.01
ADI Far East (z)	5	1.152	1.152	1.226	[illegible]	0.45
ADI Gilt & Income(z)	5	0.2608	0.2608	0.275	[illegible]	8.15
ADI UK Cap Gth (z)	5	0.2393	0.2393	0.2548	[illegible]	3.38
ADI Europe Fd (z)	5	1.187	1.187	1.263	[illegible]	1.65
For conversion Prices of Shares Phone: 0624 662860						
Asset Global Funds Ltd (1200)						
Victory Hse, Prospect Hill, Douglas, IoM 0624 620097						
European Equity	5	13.96	13.96	15.03		–
UK Gilt	5	10.434	10.434	10.98		–
Intl Equity	5	14.46	14.46	15.50		–
International Bond	5	5.1291	5.1291	5.411		–
Arbitrage Managed	5	0.9928	0.9928	1.0475		–
European Bond	5	1.0279	1.0279	1.0831		–
Sterling Cash Inc	5	0.9877	0.9877	1.0371		–
CMI Fund Managers (IoM)						
Clerical Medical Hse, Douglas, IoM 0624 625599						
High Income	5	0.4908	0.4908	0.5167	[illegible]	10.25
CMI Core Portfolio Fund						
UK	5		£1.0407	1.1150	[illegible]	–
USA	5		£1.0945	1.0869	[illegible]	–
Japan	5		£0.4656	0.4912	[illegible]	–
Equity & Law Intl Fund Mngrs Ltd						
Victory Hse, Prospect Hill, Douglas IoM 0624 677877						
Total Income Fd	5	95.12	95.12	100.11		10.0
Gartmore Fund Managers (IoM)						
PO Box 32, Douglas, IoM 0624 627610						
Intl Grth	5¼	479.8	479.8	514.5		0.9
Leopold Joseph Fund Mngrs (IoM) Ltd						
PO Box 52 Athol St Douglas IoM 0624 661020						
LJ International	5¼	94.14	94.14	101.18		–
Mercury Fund Managers IoM Ltd						
11 Hill Street, Douglas IoM 0624 662255						
Merc IoM Fund	5	105.0	105.0	112.0		6.2
Merc Intl Bond	5	50.02	50.02	52.58		8.5
Sun Life Management (IoM) Ltd						
PO Box 178, Douglas IoM 0624 622444						
Secure High Income	6	1.0478	1.0478	1.1234		8.01
Unibank Scandinavian Fund Ltd						
23 Bucks Road, Douglas, IoM 06246 26484						
Scandinavia Fd	5		136.81	145.87		1.0

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cater Allen Investment Management (CI)						
CA Gilt Income		£6.39	6.68			17.96
CA Gilt & Futures		£1.046	1.099			7.28
CA Equity Gwth		£4.13	4.51			3.10
Citibank (CI) Ltd "Citifunds"						
Short term Investment Funds						
Irish £ Jun 11			118.578		+0.095	–
Equity Funds						
Japan Equity Jun 11			$7.632		-0.190	–
US Em Hith Jun 15			$21.893		-1.550	–
US Em Tech Jun 15			$18.025		-1.032	–
Citicare Jun 15			$33.594		-2.378	–
Bond Funds						
GNMA Bond Jun 15		$14.934	14.940		+0.027	–
HYB (A) Jun 15			592.554 158		+36.092	–
EBC Trust Company (Jersey) Ltd						
*EBC Asset Traded Currency Fund Ltd**						
Income		$15.28	15.759		+0.042	2.73
Capital		$23.78	24.524		+0.072	5.50
*Offer price includes 3% prelim. charge						
International Income Fund						
Eurobd Long Term*		$33.86	35.3970		....	4.77
* Offer Price includes 3½ % Initial Charge						
Equitilink International Mngt Ltd						
First Aust Prime Inc Inv Co Ltd NAV June 11 C$13.18xd						
First Aust Prime Inc Inv Co Ltd NAV June 11 US$11.05xd						
NAV Diluted to reflect exercise of all Wrrts C$12.82xd US$10.75xd						
Fidelity Investment (CI) Ltd						
Sterling American		£2.426	2.553		+0.001	–
Fleming Group						
Robert Fleming Management (Jersey) Ltd						
Deutschland Inv Co NAV			DM16.53			–
Foreign & Colonial Mngmt (Jersey) Ltd						
Hypo Foreign & Colonial Reserve Asset Fd Ltd						
US$ Cash			$10.70		+0.01	–
Sterling Cash			£11.94		-0.01	–
US$ Bonds			$14.84		+0.01	–
Multicurrency Bonds			$19.95		+0.06	–
Sterling Bonds			£13.33		+0.02	–
D Mark Bonds			DM10.56		...	–
Ecu Bonds			Ecu11.60		-0.01	–
UK Equities			£10.65		[illegible]	–

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

CANADA (3:00 pm)

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

NETHERLANDS

NORWAY

SPAIN

ITALY

SWEDEN

SWITZERLAND

SOUTH AFRICA

JAPAN

AUSTRALIA

HONG KONG

MALAYSIA

SINGAPORE

INDICES

NEW YORK

DOW JONES	Jun 11	Jun 10	Jun 9	Jun 8	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3351.51	3343.22	3369.92	3404.14	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	99.61	99.74	99.66	99.96	100.17 (19/5)	98.41 (20/3)	100.17 (19/5/92)	54.99 (1/10/81)
Transport	1331.84	1335.01	1360.80	1388.64	1467.68 (20/2)	1301.57 (8/4)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.82	213.45	213.01	213.19	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3374.58 (3385.73) Low 3301.48 (3328.96)

STANDARD AND POOR'S

	Jun 11	Jun 10	Jun 9	Jun 8	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	409.05	407.25	410.06	413.36	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	483.13	480.96	484.64	488.51	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.81	34.70	34.92	35.34	35.80 (13/5)	32.40 (8/4)	35.80 (13/5/92)	8.64 (1/10/74)
NYSE Composite	225.10	224.36	225.95	227.71	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	389.90	390.13	393.06	396.43	418.99 (12/2)	380.90 (8/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	567.68	569.71	573.80	582.01	644.92 (12/2)	560.33 (28/4)	644.92 (12/2/92)	54.87 (31/10/72)

	Jun 5	May 29	May 22	year ago (approx.)
Dow Industrial Div. Yield	2.99	2.99	2.92	3.05

	Jun 10	Jun 3	May 27	year ago (approx.)
S & P Industrial div yield	2.69	2.63	2.65	2.74
S & P Indl. P/E ratio	28.44	28.96	28.77	19.24

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Telefonos	3,726,600	52	+ 1/8
Abbott Labs	3,647,900	27	- 1/8
Philip Morris	3,403,800	72 1/8	+ 1/8
Bristol Myers	3,282,300	63 3/4	+ 1/8
Glaxo	2,942,100	26 5/8	+ 1/8
Intelake	2,556,100	4 1/8	+ 1/8
Merck	2,381,200	49 1/4	+ 1 1/4
Eastman Kodak	2,057,200	39 3/4	- 1/8
Fannie Mae	2,013,800	58 3/4	+ 1 1/8
Westinghouse El	1,991,100	18 1/4	+ 1/8

TRADING ACTIVITY

† Volume (Millions)	Jun 11	Jun 10	Jun 9
New York SE	192.940	206.480	190,750
Amex	11.772	8.978	13,848
NASDAQ	160.149	157.025	182.217
NYSE			
Issues Traded	2,260	2,271	2,273
Rises	780	574	561
Falls	854	1,140	1,154
Unchanged	626	557	558
New Highs	25	29	43
New Lows	45	38	36

CANADA

TORONTO	Jun 11	Jun 10	Jun 9	Jun 8	1992 HIGH	1992 LOW
Metals & Minerals	3182.40	3170.99	3193.57	3215.12	3238.87 (16/1)	2828.26 (8/4)
Composite	3385.40	3368.60	3386.09	3394.48	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1787.38	1770.09	1784.66	1791.80	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jun 12	Jun 11	Jun 10	Jun 9	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1653.3	1658.1	1665.8	1674.5	1684.50 (22/5)	1545.30 (9/4)
All Mining (1/1/80)	707.9	708.9	709.6	710.2	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	412.54	413.74r	414.75	416.25	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	993.44	995.70	998.06	1002.09	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1211.28	1209.58	1219.78	1223.88	1235.40 (2/6)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	326.10	325.29	327.89	329.58	365.29 (15/1)	325.29 (11/6)
FINLAND						
HEX General (28/12/90)	781.6	785.5	783.7	798.8	935.90 (24/2)	778.30 (9/4)
FRANCE						
CAC General (31/12/82)	530.50	532.41	535.92	539.65	555.93 (12/5)	475.53 (2/1)
CAC 40 (31/12/87)	1928.29	1928.84	1953.73	1962.23	2077.49 (11/5)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	710.20	710.99	711.83	713.60	725.26 (26/5)	643.26 (8/1)
Commerzbank (1/12/53)	2002.6	2003.7	2005.6	2012.1	2043.80 (25/5)	1813.80 (8/1)
DAX (30/12/87)	1782.27	1781.81	1789.76	1786.26	1811.57 (25/5)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5819.07	5826.54	5917.50	5940.19	6082.70 (27/5)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1356.52	1353.42	1360.39	1368.79	1469.57 (17/1)	1346.61 (3/4)
ITALY						
Banca Com. Ital. (1972)	474.94	477.37	481.07	480.04	551.99 (6/2)	472.72 (15/5)
MIB General (2/1/92)	938.8	941.0	949.0	946.0	1086.00 (5/2)	932.00 (15/5)
JAPAN						
Nikkei (16/5/49)	17383.68	17709.05	17742.87	17845.04	23801.18 (6/1)	16598.15 (9/4)
Tokyo SE (Topix) (4/1/68)	1328.36	1345.54	1347.24	1346.99	1763.43 (6/1)	1196.19 (9/4)
2nd Section (4/1/68)	1991.18	1995.17	1997.10	2003.21	2459.85 (6/1)	1910.56 (9/4)
MALAYSIA						
KLSE Composite (4/4/86)	590.55	(c)	589.52	584.67	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Tll.Rtn.Gen.(End 1983)	313.7	312.6	314.6	314.9	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	214.5	213.9	215.3	215.5	215.50 (26/5)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	743.74	744.84	747.7	754.5	772.74 (18/5)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	(c)	1580.95	1573.34	1568.25	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	408.00	(c)	407.05	402.58	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1113.0	1076.0	1079.0	1074.0	1327.00 (21/1)	1006.00 (24/4)
JSE Industrial (28/9/78)	4591.0	4611.0	4653.0	4680.0	4689.00 (4/6)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	566.20	570.50	562.87	561.76	691.48 (8/2)	561.76 (9/6)
SPAIN						
Madrid SE (30/12/85)	248.41	249.27	251.34	250.87	266.51 (28/2)	236.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	943.5	953.5	959.8	963.5	1014.50 (11/5)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	866.7	861.6	869.8	873.0	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	659.4	655.9	664.2	667.1	682.30 (11/5)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4681.07	4597.19	4633.80	4526.65	5391.63 (30/1)	4268.17 (11/5)
THAILAND						
Bangkok SET (30/4/75)	740.69	737.23	687.38	684.47	832.39 (7/4)	667.84 (19/5)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	504.8*	503.4	502.9	505.8	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	942.10	942.10	950.66	951.01	976.55 (29/5)	870.31 (2/1)

**Saturday June 6: Taiwan Weighted Price: (c), Korea Comp Ex. (c).
♦ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable. † Correction.

Prices data supplied by Telekurs.

AMERICA

May CPI report helps equities advance

Wall Street

AN auspicious inflation report helped US equities post solid gains yesterday morning in reasonably active trading, *writes Karen Zagor in New York.*

At 1 pm, the Dow Jones Industrial Average was up 16.07 at 3,367.58. In volume of more than 112m shares. Advancing issues led those declining by a ratio of two to one. Other market indices showed similar strength, with the Standard & Poors 500 climbing 2.64 to 411.69, the Nasdaq composite advancing 3.85 to 571.53 and the Amex composite firming 1.46 to 391.36.

The May consumer price index, which indicated that prices are increasing very modestly, was welcome news to a market which has been battered this week by a sharp drop in April's consumer borrowing and unexpectedly weak retail sales for May.

Both stock and bond markets rallied following the release of May's consumer price index, which rose 0.1 per cent, or 0.2 per cent excluding food and energy prices. Analysts had expected an increase of about 0.3 per cent. The report allayed fears about inflation and sparked speculation that the temperate inflation numbers might encourage the Federal Reserve to ease monetary policy in the wake of Thursday's report of insipid retail sales for May.

In the bond market, the treasury's benchmark 30-year bond was quoted ¼ higher at 101⅞ to yield 7.83 per cent at midsession.

Strong gains in a number of heavily-traded blue chip stocks contributed to the morning's rally. IBM advanced $1⅞ to $93⅞, Citicorp rose $¼ to $20⅝, Philip Morris improved $1⅝ to $74 and Chrysler added $⅝ to $20⅛.

Among featured issues, Unisys slipped $⅝ to $8⅝ in active trading. A $300m issue of the company's convertible notes was priced to yield 8.25 per cent.

The transportation sector regained some of its recent losses, with the Dow Jones Transportation Average climbing 18.12 to 1,349.96 at 1 pm. AMR, parent of American Airlines, firmed $1¼ to $64¼, Delta Air Lines rose $1⅝ to $58⅛ and United Airlines was $2⅝ higher at $118⅜.

Stocks of securities companies, which fell earlier this week amid concern that the equity market might be heading for a correction and concern about interest rates, improved. Salomon added $¼ to $32¾, Merrill Lynch rose $1¼ to $47 and Morgan Stanley gained $⅝ to $49¼.

In Nasdaq trading, shares in Ross Cosmetics tumbled $9⅝ to $5⅛ after the company said that it was the subject of an informal Securities and Exchange Commission investigation. Harmonia Bancorp rose $2¼ to a 52-week high of $17½ on news that it had agreed to merge with Sovereign Bancorp in a cash and stock transaction.

Canada

TORONTO rose on the strength of banks and gains in the communications, metals and minerals sectors. The TSE 300 composite index rose 20.5 to 3,409.0 with advances leading declines by 273 to 140, in volume of 13.1m shares worth C$157m.

EUROPE

Frankfurt sees some life in special situations

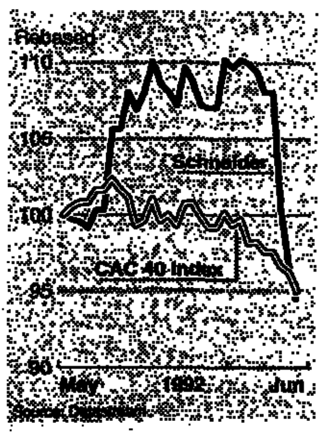
LATE-closing bourses gave only a limited accolade to the turnround on Wall Street yesterday, *writes Our Markets Staff,* and early closers were unwilling to move on Thursday's change of direction there.

FRANKFURT relied on special situations, the brightest, Porsche, extending its recent gains to close DM41 higher at DM609, up from DM490 at the end of May. Elsewhere in consumer goods the discount retailer, Asko, fell DM30 to DM753 and the fashion house, Escada, by another DM6 to DM317, the latest in a succession of 1992 lows.

Mr Alex Magona of MAP Securities said that Porsche's gain was in non-voting stock, ruling out stakebuilding and the takeover stories which came so easily to dealers' lips yesterday. He thought, however, that US car industry indications that the worst was over may have helped the company.

Asko, which has been going through changes at board level, stands at a discount to the retail sector; it is on a p/e of under 10 for 1992 compared with something over 15 for Karstadt, the sector leader which suffered an earnings downgrade from Deutsche Bank researchers this week.

In general, equities stayed flat, volume falling from



DM5.3bn to DM4.6bn and the DAX index closing 0.46 higher at 1,782.27 after a 0.79 fall to 710.20 in the FAZ at midsession. Falls on the week were 0.4 and 0.6 per cent respectively.

PARIS closed slightly easier, having been in negative territory throughout the week. The CAC-40 index, which had touched 1,920 earlier in the session, finally ended 0.55 lower at 1,928.29 in turnover of some FFr2.3bn. The index lost 2.7 per cent over the week.

One of the main features of the day was the 3.5 per cent rise in Pernod, advancing FFr56 to FFr1,628 in the absence of news. Elsewhere, St Gobain reversed Thursday's fall to gain FFr15 to FFr569 following positive comments at the annual meeting.

FT-SE Eurotrack 100 - Jun 12

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1162.79	1163.18	1162.94	1162.84	1163.17	1164.84	1167.03	1167.48

Day's High 1168.17 Day's Low 1162.01

Jun 11	Jun 10	Jun 9	Jun 8	Jun 5
1162.52	1174.58	1174.96	1177.48‡	1181.18

Base value 1000 (26/10/90). ‡ Partial † Indicative.

Scheider weakened FFr3 to FFr663, but off the day's low of FFr659. The electrical engineering group and its subsidiaries have had a hard week, during which the company cut its profits forecast for the year, and since Monday the shares have lost 13 per cent of their value.

MILAN drifted disconsolately lower, reflecting Italy's political deadlock and the market's technical problems with screen trading. The Comit index fell another 2.43 to 474.94, down 2.6 per cent on the week in turnover still painfully low after Thursday's figure of only L61bn.

In industrials, Italcementi fell L380 to L13,620 ahead of its forthcoming rights issue. In the banking sector, San Paolo was among the worst performers, closing at L10,850, down from L11,275 on Thursday and L12,200 at its initial share placing in March.

ZURICH recovered with Wall Street, the SMI index closing 11.1 higher at 1,879.9, down 2 per cent on the week. Chemicals were the first to gain, Roche certificates rising SFr30 to SFr3,340 and topping the active list; but banks and insurances soon joined in with SBC SFr6 higher at SFr269 and Winterthur SFr80 better at SFr3,190.

BRUSSELS ended higher with late buying of the retailer, GIB, helping to lift the market. The Bel-20 index put on 1.70 to 1,211 but lost 1.1 per cent on the week. GIB saw keen foreign interest and its shares gained BFr16 to BFr1,478. Other movers included Solvay, down BFr150 on profit-taking to BFr13,250.

AMSTERDAM's CBS Tendency index rose 0.2 to 129.5 but was down 0.7 per cent on the week. Turnover was Fl 515.4m. KLM improved 70 *cents to Fl 40.00, helped by* some buy recommendations. In one, Hoare Govett said that the carrier has benefited from good traffic levels in one of the industry's worst years and forecast good medium-term earnings growth.

MADRID was unimpressed by the May inflation data and the general index lost 0.86 to 248.41, a 2.4 per cent drop on the week. Reports that Telefónica's annual meeting had to be suspended after disruptive action by employees contributed to a Pta10 fall to Pta1,085.

STOCKHOLM declined for the seventh consecutive session, the Affärsvärlden General index closing 10.0 lower at 943.5 for a 3.1 per cent drop on the week. Meanwhile, COPENHAGEN saw a recovery in its hard-pressed insurance stocks, Hafnia A rising DKr15 to DKr175 and Baltica DKr40 to DKr565 as the all share index rose 0.81 to 326.10, 1.6 per cent down on the week.

SOUTH AFRICA

JOHANNESBURG's gold index was pushed higher by a rise in the bullion price, closing up 37 at 1,113. *Industrials were* depressed again by the threat of demonstrations next week, losing 20 to 4,591. The overall index was 1 lower at 3,710.

Sweden stands out among embattled Nordic bourses

Robert Taylor discerns positive investor sentiment

Denmark's unexpected, if narrow rejection of the Maastricht treaty in its national referendum on June 2 continues to have a negative impact on stock market performance in Scandinavia.

It would be an exaggeration to suggest that the Danish "no", in itself, will inflict long-term damage on what is already a rather fragile and uncertain outlook. But with the Nordic countries about to start their traditionally prolonged summer holidays, most analysts expect a period of trading in the doldrums before any hope of a pick-up in the early autumn.

The Nordics are much more sensitive than they used to be to changes in the wider global market, now that their currencies are all pegged to Ecu, and negotiations are set to begin on their EC membership applications early next year.

Some strategists think that concerns over the likely strength of the American economic recovery this summer, and uncertainties about prospects in Germany, the Nordics' main trading partner, could be more important than the Danish Maastricht decisions among the external factors *affecting the Nordic bourses.*

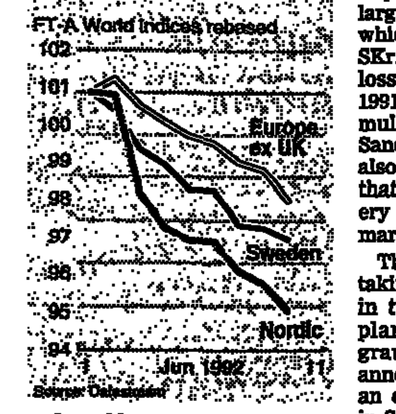
However, internal factors could make Sweden, in particular, more attractive to foreign investors as the old restrictions on company share ownership are dismantled – part of the necessary adaptation to membership of the 19-nation European Economic Area (EEA) from next January.

International interest was *already evident last* year when foreigners were net buyers of SKr11bn worth of Swedish stock in Stockholm, and analysts believe that figure could go as high as SKr20bn in 1992.

Since its abolition of the turnover tax on dealings last November, soon after taking office, Sweden's non-socialist government has persisted with an ambitious programme of *deregulation and liberalisation.*

Government permission is no longer required for foreigners who want to buy above a specific maximum figure equity and voting rights in Swedish companies, while this summer an increasing number of Swedish listed companies have decided to abolish the traditional distinction between free and restricted shares, which protects up to 70 per cent of stocks in Stockholm from foreign buyers.

Analysts also point to some definite signs of improvement in the Swedish economy which has gone through its severest recession since before the second world war.



The annual inflation rate is down to around two per cent, one of the lowest in Western Europe. *Private savings are* going up, and costs are coming down sharply.

Mr Colin Gibson, at Carnegie International, sees evidence of an export-led recovery in Sweden which should gather strength during 1993, even if recent forecasts indicate a lower domestic growth rate than expected.

Analysts are concerned – as *is Sweden's central bank* – about a burgeoning budget deficit which is set to climb to over SKr110bn, seven per cent of GNP.

But Mrs Anne Wibble, Sweden's finance minister, is well aware of that problem and made it clear earlier this week she intends to make a reduction in the size of the debt her highest priority.

What excites many analysts about the Swedish corporate scene is the sign of improvement in the performance of Sweden's blue chip manufacturing companies. Share values in the mechanical engineering sector have risen impressively by over 34 per cent so far this year.

During the past two years many Swedish companies, particularly in that sector, have carried through successful restructuring programmes which have reduced their cost levels and improved their industrial performance.

James Capel is particularly impressed by SKF, the world's largest roller-bearing company, which is expecting to make an SKr1bn profit this year after losses of a similar figure in 1991. But other well-known multinationals, like Electrolux, Sandvik and Atlas Copco, are also reviving and there is hope that Volvo has begun a recovery in the vital American auto market.

The Stockholm bourse is also taking a considerable interest in the Swedish government's planned privatisation programme. Last week, it was announced that there had been an oversubscription for shares in SSAB (Swedish Steel), which is the first company wholly to be privatised. Procordia, the pharmaceutical and food conglomerate, is also performing well with the expectation of an early sell-off by the state of its minority shareholding in the company.

However, this does guarantee that Stockholm is on the verge of a powerful revival. The banking sector continues to be hit very hard by loan losses with a 32 per cent fall in their share values since the beginning of the year. This week, Skandinaviska Enskilda Banken, Sweden's largest commercial bank, was unable to prevent a sharp fall in its shares after a four-month deficit for the first time in its history.

Moreover, real estate and construction in Sweden continues to give understandable *anxiety with a 28 per cent* decline in share values since the start of 1992 and the bottom may not yet have been reached in that sector.

ASIA PACIFIC

Nikkei drops on tankan disappointment

Tokyo

SHARES tumbled yesterday afternoon on the Bank of Japan's tankan, or quarterly business survey, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed 325.37 or 1.8 per cent lower at 17,383.68, 2.2 per cent down on the week. The index hit the day's high of 17,784.93 immediately after the opening, as buying by institutional investors absorbed the unwinding of arbitrage positions on the expiration of June futures contracts.

In the afternoon, following the tankan, it hit the day's low of 17,331.49. Volume surged to 750m shares from 245m, with 500m shares changing hands in the morning session. Declines outnumbered advances by 667 to 295 with 157 unchanged. The Topix index of all first section stocks closed 17.18 lower at 1,328.36 and, in London, the ISE/Nikkei 50 index fell 1.96 to 1,033.20.

The tankan, reflecting poor business sentiment, prompted *a fall in the September futures* and triggered further arbitrage unwinding. Overall capital investment by companies is expected to fall by 2.1 per cent, and pre-tax profits by 4.8 per cent in the current year to March 1993.

Mr Ross Purdie at SG Warburg Securities said that investors were discouraged because the figures were in line with expectations. Had they been much worse, he added, it would have forced the central bank to ease monetary policy.

Dealers took profits on short term positions ahead of the weekend. Meiji Milk Products, the most active issue of the day, fell Y27 to Y993 and Morinaga Milk Industry fell Y14 to Y890.

Real estate issues were weaker on selling by foreign and corporate investors, discouraged by reports of sharp falls of office rents in central Tokyo. Mitsui Fudosan fell Y20 to Y910 and Mitsubishi Estate lost Y35 to Y820.

Nippon Telegraph and Telephone fell Y6,000 to Y603,000. The telecom company was sold *on a suspension of trading on* the over-the-counter stock market, due to NTT telephone line troubles. Trading resumed in the afternoon session on the OTC market.

In Osaka, the OSE average declined 207.08 to 20,334.72 in volume of 20.2m shares.

Roundup

A mixed day among Pacific Basin markets featured gainsin Taiwan. Manila was closed for a holiday.

TAIWAN saw turnover rise to a three-month high as traders were encouraged following the government's package of measures, announced earlier in the week, to cut money supply. The weighted index rose 83.88 to 4,681.07 in turnover of *T$41.80bn, and* registered an advance of 2 per cent over the week.

HONG KONG finished down on late profit-taking ahead of a holiday weekend. The Hang Seng index lost 7.47 to 5,819.07 in light turnover of HK$2.99bn for a fall of 3.7 per cent on the week.

JAKARTA *talked about* selling pressure but the momentum built up this week and last left the official index only 0.4 lower on the day at 329.62, 4.4 per cent higher on the week. Brokers said that there was still selective foreign interest.

BANGKOK maintained its equilibrium after Thursday's 7.3 per cent gain on the reappointment of Anand Panyarachun as prime minister. The SET index ended 3.46 higher at 740.69 in turnover of Bt7.18bn, 5.4 per cent higher on the week.

SEOUL's composite index reversed three day's of gains to close 4.30 weaker at 566.20, for a 0.5 per cent fall on the week.

AUSTRALIA remained weak with the banking sector pulling prices lower. The All Ordinaries index shed 6.8 *to* 1,651.3 for a decline of 1.3 per cent on the week. Westpac lost 1 cent to A$3.37 after a downgrading by the International Banking Credit Analysis ratings agency. ANZ fell 8 cents to A$4.00 as the effect of the Bombay banking scandal on its Grindlays division weighed on sentiment.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JUNE 11 1992								WEDNESDAY JUNE 10 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	151.19	−0.5	121.43	121.09	124.08	132.04	−0.5	4.13	151.98	122.89	122.53	125.87	132.72	153.68	140.94	135.70
Austria (19)	174.93	+0.8	140.49	140.10	143.56	143.64	−0.3	2.04	173.62	140.39	139.99	143.80	144.04	186.70	162.48	190.29
Belgium (46)	143.88	+0.3	115.55	115.22	118.07	115.32	−0.7	5.29	143.50	116.03	115.69	118.84	116.07	146.19	135.87	128.51
Canada (115)	127.69	+0.6	102.55	102.26	104.78	110.30	+0.4	3.34	126.93	102.64	102.33	105.11	109.83	142.12	125.60	141.31
Denmark (35)	236.38	−0.3	189.83	189.30	193.97	195.77	−1.2	1.87	237.06	191.69	191.14	196.33	198.13	273.94	226.81	238.42
Finland (15)	77.02	+0.8	61.86	61.69	63.21	69.73	+0.1	2.02	76.40	61.78	61.60	63.28	69.69	89.80	73.64	105.55
France (104)	161.32	−0.4	129.56	129.19	132.38	134.62	−1.2	3.49	161.94	130.95	130.56	134.11	136.22	168.75	148.06	131.97
Germany (65)	124.78	+0.8	100.21	99.95	102.40	102.40	−0.1	2.26	123.73	100.05	99.77	102.47	102.47	124.92	114.67	109.46
Hong Kong (55)	244.90	−1.5	196.69	196.14	200.99	243.19	−1.5	3.37	248.71	201.11	200.52	205.99	246.99	254.67	176.38	151.71
Ireland (16)	156.95	−0.1	126.05	125.70	128.80	130.82	−0.8	4.15	157.06	127.00	126.63	130.08	131.89	173.71	151.78	146.88
Italy (78)	70.61	+0.2	56.71	56.55	57.95	62.99	−0.5	3.31	70.44	56.96	56.79	58.33	63.34	80.66	68.39	78.09
Japan (473)	104.25	+0.5	83.73	83.49	85.56	83.49	−0.2	1.02	103.74	83.88	83.64	85.93	83.64	140.95	88.70	131.82
Malaysia (69)	237.09	+0.3	190.41	189.87	194.56	229.69	+0.0	2.71	236.48	191.22	190.65	195.84	229.69	250.18	212.49	234.66
Mexico (18)	1584.38	−2.9	1272.47	1268.91	1300.23	5401.23	−2.8	1.06	1631.12	1318.94	1315.11	1350.89	5557.90	1789.77	1376.91	996.81
Netherland (25)	163.69	+0.2	131.46	131.10	134.34	132.83	−0.7	4.22	163.43	132.15	131.76	135.35	133.81	163.98	147.88	135.07
New Zealand (14)	46.06	−1.1	37.00	36.89	37.80	45.07	−0.9	5.67	46.57	37.66	37.55	38.57	45.49	48.52	42.01	47.05
Norway (23)	185.03	+0.4	148.61	148.19	151.85	155.27	−0.3	1.63	184.34	149.06	148.63	152.67	155.81	192.95	161.26	191.29
Singapore (38)	226.87	+0.1	182.20	181.70	186.18	169.99	+0.0	1.95	226.73	183.33	182.80	187.77	169.99	228.43	192.76	200.67
South Africa (61)	241.98	−1.7	194.34	193.80	198.58	186.73	−0.5	2.75	246.27	199.14	198.56	203.96	187.72	263.60	203.16	220.39
Spain (50)	154.23	−0.3	123.86	123.52	126.57	116.55	−0.8	5.22	154.71	125.10	124.74	128.13	117.50	161.72	146.86	152.96
Sweden (27)	196.52	+0.5	157.83	157.40	161.28	165.97	−0.3	2.67	195.51	158.09	157.63	161.92	166.42	200.28	173.09	186.28
Switzerland (61)	107.23	+0.3	86.12	85.89	88.01	95.10	−1.2	2.26	106.94	86.47	86.22	88.57	96.29	108.17	95.99	89.68
United Kingdom (228)	194.06	−0.2	155.85	155.40	159.24	155.85	−0.8	4.79	194.37	157.17	156.70	160.96	157.17	200.07	165.85	164.82
USA (522)	166.51	+0.3	133.73	133.36	136.65	166.51	+0.3	3.00	165.93	134.17	133.79	137.43	165.93	171.66	160.92	152.93
Europe (792)	153.95	+0.0	123.64	123.30	126.35	125.78	−0.8	3.90	153.88	124.43	124.07	127.45	126.74	156.88	139.31	134.51
Nordic (100)	180.46	+0.2	144.93	144.53	148.10	145.78	−0.6	2.23	180.12	145.64	145.22	149.17	146.68	188.52	169.68	179.55
Pacific Basin (718)	110.49	+0.3	88.74	88.49	90.67	89.61	−0.3	1.39	110.16	89.07	88.82	91.23	89.86	141.97	94.40	132.36
Euro−Pacific (1510)	128.09	+0.2	102.88	102.58	105.12	104.59	−0.5	2.59	127.87	103.39	103.09	105.89	105.13	145.21	113.80	133.54
North America (637)	164.07	+0.4	131.77	131.42	134.67	162.68	+0.4	3.01	163.48	132.19	131.82	135.42	162.11	169.69	158.70	152.12
Europe Ex. UK (564)	129.98	+0.2	104.39	104.12	106.69	108.39	−0.7	3.22	129.71	104.89	104.60	107.45	109.16	131.77	121.81	115.98
Pacific Ex. Japan (245)	171.97	−0.8	138.12	137.75	141.15	152.49	−0.8	3.54	173.38	140.20	139.82	143.61	153.79	175.31	149.00	137.32
World Ex. US (1704)	130.27	+0.1	104.63	104.34	106.91	106.96	−0.5	2.60	130.12	105.22	104.92	107.77	107.51	146.91	116.45	135.18
World Ex. UK (1998)	136.55	+0.3	109.67	109.37	112.08	122.24	−0.1	2.49	136.20	110.14	109.82	112.82	122.33	150.58	127.21	137.78
World Ex. So. Af. (2165)	140.85	+0.2	113.12	112.81	115.60	124.81	−0.2	2.76	140.52	113.63	113.31	116.39	125.02	153.05	130.04	139.65
World Ex. Japan (1753)	162.47	+0.1	130.49	130.13	133.35	149.43	−0.2	3.34	162.29	131.23	130.86	134.43	149.67	165.40	153.20	145.90
The World Index (2226)	141.51	+0.2	113.65	113.34	116.14	125.37	−0.2	2.76	141.22	114.19	113.88	116.96	125.58	153.70	130.66	140.16

Latest prices were unavailable for this edition. Markets closed June 11: Malaysia and Singapore.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Treas 3pc 1992		100xd	—	100	97[illegible]	3.00	–
Exch 12¼pc 1992		100[illegible]	—	101¼	100[illegible]	12.28	9.84
13½pc 1992		100[illegible]	—	102⅛	100[illegible]	13.37	9.68
Treas 8¾pc 1993		99¼	—	99¼	97[illegible]	8.31	9.25
10pc 1993‡‡		100[illegible]	—	100½	98[illegible]	9.96	9.41
12½pc 1993‡‡		103[illegible]	—	103[illegible]	101[illegible]	12.13	9.44
Funding 6pc 1993‡‡		97[illegible]	+[illegible]	97[illegible]	95[illegible]	6.16	8.11
Treas 13¾pc 1993‡‡		105⅝	+[illegible]	105[illegible]	104⅝	13.02	9.41
8½pc 1994		98[illegible]	+[illegible]	98[illegible]	96¾	8.59	9.21
14½pc 1994‡‡		107[illegible]	+[illegible]	109⅛	106[illegible]	13.45	9.46
Exch 13½pc 1994		106[illegible]	+[illegible]	107[illegible]	105[illegible]	12.62	9.36
Treas. 10pc Ln. 1994‡‡		101[illegible]	+[illegible]	101[illegible]	98[illegible]	9.87	9.28
Exch 12½pc 1994		106[illegible]	+[illegible]	106[illegible]	103[illegible]	11.79	9.39
Treas 9pc 1994‡‡		99[illegible]	+⅛	99[illegible]	96⅝	9.84	9.21
12pc 1995		106[illegible]	+[illegible]	108[illegible]	103⅝	11.31	9.32
Exch 3pc Gas 90-95		93½	−¼	94[illegible]	88¼	3.21	5.44
10¼pc 1995		102[illegible]	+[illegible]	102[illegible]	99[illegible]	9.99	9.30
Treas 12¾pc 1995‡‡		110	+[illegible]	110⅜	106⅝	11.59	9.26
14pc 1996		113[illegible]	+[illegible]	114[illegible]	110[illegible]	12.31	9.42
9pc 1992-96‡‡		99[illegible]	+[illegible]	100[illegible]	96[illegible]	9.03	9.11
15¼pc 1996‡‡		118⅝	+[illegible]	119[illegible]	114[illegible]	12.86	9.41
Exch 13¼pc 1996‡‡		112[illegible]	+[illegible]	112⅞	108½	11.78	9.37
Conversion 10pc 1996		102[illegible]	+[illegible]	103[illegible]	98[illegible]	9.71	9.17
Treas 13¼pc 1997‡‡		114[illegible]	+[illegible]	114[illegible]	110[illegible]	11.60	9.37
Exch 10½pc 1997		104[illegible]	+[illegible]	105[illegible]	100[illegible]	10.01	9.17
Five to Fifteen Years							
Treas 8¾pc 1997‡‡		98[illegible]	+[illegible]	99	94	8.89	9.09
8¾pc 1997 D		98[illegible]	+[illegible]	99¼	96[illegible]	8.87	9.10
Exch 15pc 1997		122[illegible]	+[illegible]	123[illegible]	118[illegible]	12.22	9.49
9¾pc 1998		102½xd	+¼	103¼	97[illegible]	9.51	9.17
Treas 8¾pc 1995-98‡‡		92	−[illegible]	93[illegible]	86[illegible]	7.34	8.49
15½pc '98‡‡		120[illegible]	+[illegible]	[illegible]	[illegible]	12.89	9.42
Exch 12pc 1998		112⅞	+[illegible]	113¼	107[illegible]	10.63	9.29
Treas 9½pc 1999‡‡		102[illegible]	+[illegible]	102⅞	97[illegible]	9.28	9.01
Exch 12¼pc 1999		114[illegible]	+[illegible]	115[illegible]	109½	10.79	9.32

BRITISH FUNDS - Cont.

	Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 10½pc 1999		106⅝	+[illegible]	107[illegible]	101[illegible]	9.85	9.19
Conversion 10¼pc 1999		105[illegible]	+[illegible]	106[illegible]	100[illegible]	9.71	9.19
9pc 2000‡‡		99[illegible]	+[illegible]	100[illegible]	94⅞	9.03	9.05
9% 2000 C		39[illegible]	+[illegible]	40[illegible]	38[illegible]	9.00	9.05
Treas 13pc 2000		120[illegible]	+[illegible]	121¼	114[illegible]	10.83	9.41
10pc 2001		105	+⅛	105¼	99[illegible]	9.52	9.14
14pc '98-01		120[illegible]	+[illegible]	121	115[illegible]	11.66	9.49
9¾pc 2002		104[illegible]	+[illegible]	105⅛	98⅞	9.37	9.12
9¾p 2002 C		104[illegible]	+[illegible]	105[illegible]	98[illegible]	9.37	9.12
10pc 2003		106[illegible]	+[illegible]	107[illegible]	100[illegible]	9.43	9.11
10pc 2003 B		106[illegible]	+[illegible]	107¼	105¼	9.43	9.12
Treas 11½pc 2001-04		112[illegible]	+[illegible]	113[illegible]	107[illegible]	10.23	9.37
Funding 3½pc '99-04		68[illegible]	−¼	68[illegible]	59½	5.27	7.84
Conversion 9½pc 2004		102[illegible]	+[illegible]	104[illegible]	96[illegible]	9.25	9.09
9½pc 2005		103⅛	+[illegible]	104⅝	98[illegible]	9.21	9.08
Treas 12½pc 2003-05		122	+⅛	124⅝	116[illegible]	10.25	9.31
8pc 2002-06‡‡		91⅞	+⅛	92[illegible]	85½	8.76	9.09
Over Fifteen Years							
Treas 11¾pc 2003-07		116[illegible]	+⅛	118[illegible]	110[illegible]	10.10	9.29
Treas 8½pc 2007‡‡		96[illegible]xd	+[illegible]	97[illegible]	89[illegible]	8.89	9.03
8½pc 2007 A		96[illegible]xd	—	97[illegible]	89[illegible]	8.89	9.05
13½pc '04-08		128[illegible]	+[illegible]	132[illegible]	123[illegible]	10.42	9.31
9pc 2008‡‡		98⅞	+⅛	101[illegible]	93[illegible]	9.91	9.01
8pc 2009		91¼	+⅛	93¼	85⅞	8.77	9.00
Conv 9pc Ln 2011‡‡		98[illegible]	+⅛	102[illegible]	93[illegible]	9.01	9.01
9pc 2011 B		98[illegible]xd	—	102	93[illegible]	9.01	8.90
Treas. 9pc 2012		99[illegible]	+⅛	102⅛	93[illegible]	9.01	9.00
Treas 5½pc 2008-12‡‡		68[illegible]	+[illegible]	69⅛	62⅞	8.07	8.91
7¾pc 2012-15‡‡		88[illegible]	+[illegible]	89[illegible]	81[illegible]	8.80	8.97
Exch 12pc '13-'17		127[illegible]	+[illegible]	130[illegible]	120⅛	9.39	9.03
Treas 8¾pc 2017		98¼	+⅛	[illegible]	[illegible]	8.91	8.92
Undated							
Consols 4pc		42⅞	—	43[illegible]	39⅞	9.33	–
War Loan 3½pc‡‡		38[illegible]	—	39[illegible]	35[illegible]	9.14	–
Conv 3½pc '61 Aft		61⅞	—	62⅞	59	5.68	–
Treas 3pc '66 Aft		31⅝	—	32[illegible]	29[illegible]	9.48	–
Consols 2½pc		26[illegible]	—	27⅜	24[illegible]	9.28	–
Treas. 2½pc		26[illegible]	—	27[illegible]	24[illegible]	9.33	–

BRITISH FUNDS - Cont.

	Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
Index−Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	127⅞	+⅛	127½	122⅜	2.71	3.98
2pc '96	(67.9)	184[illegible]	+[illegible]	184[illegible]	175⅜	3.41	4.01
2½pc '01	(78.3)	148⅞	+¼	148[illegible]	143	4.06	4.36
2½pc '03	(78.8)	144[illegible]	+[illegible]	144[illegible]	138[illegible]	4.19	4.35
2pc '06	(69.5)	148¾xd	—	147[illegible]	139[illegible]	4.15	4.35
2½pc '09	(78.8)	133[illegible]	−[illegible]	134¼	128[illegible]	4.18	4.36
2½pc '11	(74.6)	138	−¼	138[illegible]	129⅞	4.18	4.35
2½pc '13	(89.2)	113⅝	−¼	114[illegible]	108[illegible]	4.17	4.32
2½pc '16	(81.6)	121[illegible]	−[illegible]	121[illegible]	112⅞	4.16	4.30
2½pc '20	(83.0)	116¼	−[illegible]	117⅛	107[illegible]	4.14	4.27
2½pc '24‡‡	(97.7)	98½xd	−[illegible]	97[illegible]	88[illegible]	4.12	4.24

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for October 1991: 135.1 and for May 1992: 139.3

OTHER FIXED INTEREST

	Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		113[illegible]	+[illegible]	115[illegible]	105⅞	9.79	9.51
Asian Dev 10¼pc 2009		107½	+[illegible]	109[illegible]	100[illegible]	9.63	9.34
B'ham 11½pc 2012		111	+⅛	111	102¼	10.36	10.21
Ireland Cap 8½pc '10		88⅝	+¼	89¼	86¾	9.58	–
9pc Cap 1996		98½	—	99¾	90	9.94	–
13pc '97-02		103⅞	—	115½	103⅞	12.62	–
Hydro Quebec 15pc 2011		138[illegible]	+[illegible]	140[illegible]	130⅞	10.83	10.32
Int-Am Dev 12½pc 2003		119⅞	+[illegible]	121[illegible]	112⅞	10.43	9.47
9¾pc 2015		102[illegible]	+[illegible]	104⅞	95½	9.47	9.42
Leeds 13½pc 2006		122¼	+¼	124½	116¼	11.00	10.42
Liverpool 3½pc Irred		32¼	+¼	33¼	30	10.89	–
LCC 3pc '20 Aft		30½	+¼	30[illegible]	27	9.84	–
Manchester 11½pc 2007		109¼	—	110½	103¼	10.63	10.29
Met. Wtr. 3pc 'B'		59	+½	59	53	5.08	8.93
N'wide Anglia 3⅞pc 2021		118½	+[illegible]	118½	103¼	–	5.35
4¼pc IL 2024		119	—	118¼	103¼	–	5.10
Utd Mex States 16½pc 2008		123½	−½	126	121½	13.36	12.97

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs h	14⅝xd	-⅛	18⅛	14⅝	12,408	2.3
Allegheny & W	270p	-14	335p	226p	140.3	6.3
Amdahl	867p	+11	1100p	815p	967.2	0.7
Amer Cyanamid	38	-½	37	30	2,748	3.1
Amer Express	12[illegible]xd	-¼	13⅞	10[illegible]	6,108	4.4
Amer T & T	23¼xd	—	24⅞	20⅞	30,729	3.2
Ameritech	33⅞	—	36[illegible]	32½	14,831	5.8
BankAmerica	23[illegible]xd	+⅛	27⅛	19[illegible]	8,124	3.1
Bankers NY	30⅝xd	-⅛	37¼	28⅞	2,524	5.1
Bell Atlantic	23⅝	-⅛	26¾	23⅛	10,178	6.2
BellSouth	26⅛	-⅛	29⅛	25	12,715	5.9
Bethlehem Steel	8[illegible]xd	+[illegible]	9⅝	7	673.1	—
Bowater	1180pxd	+2	1579p	1078p	418.0	5.8
CPC b	22⅞	-⅛	25⅝	22⅞	3,463	3.0
Cadiz Land Inc	280p	—	342p	168p	—	—
California Engy	697p	-15	839p	637p	116.8	—
Campbell Soup	17[illegible]	+¼	23[illegible]	17[illegible]	4,482	2.5
Chase Manhattan	15[illegible]xd	—	18½	9⅞	2,117	4.5
Chrysler	10[illegible]xd	-[illegible]	11⅝	6¼	3,197	3.1
Citicorp	10[illegible]xd	—	11	5⅜	3,743	—
Colgate-Palm	27xd	-⅛	29[illegible]	25¼	4,296	2.2
Cont'l Bank	950p	+3	1030p	499p	898.1	3.5
Dana	23[illegible]xd	-[illegible]	24½	14[illegible]	963.5	3.8
Data General	425p	+12	1004p	413p	117.3	—
Dell	19[illegible]xd	-[illegible]	24⅛	18⅞	789.3	3.2
Dun & Brad	29⅞	-⅛	33½	27⅝	5,331	4.3
Eaton	48¼	-¼	48½	32½	1,490	2.8
Echlin	10[illegible]xd	—	11	7⅞	588.9	3.9
FPL	18[illegible]xd	-[illegible]	20	18⅛	3,167	7.3
Fluor	23xd	-[illegible]	27	21	1,864	1.0
Ford Motor	24[illegible]	-[illegible]	26⅞	15	12,883	2.3
Gen Elect	41[illegible]xd	+[illegible]	45¼	40[illegible]	35,915	2.8
General Host	465p	-6	555p	360p	—	4.3
Gillette	24[illegible]xd	-[illegible]	29⅞	24[illegible]	5,414	1.6
Hasbro	15½	+¼	16	12⅛	1,335	0.7
Honeywell	38[illegible]xd	-½	43	34⅛	2,892	2.4
[illegible]	[illegible]	[illegible]	[illegible]	23	3,043	7.1

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+or-	1992 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc	94xd	—	107	83½	12.5	—	—
Cap	25	—	42	12½	—	43.4	42.3
Stepped Pf	140½	—	141¾	128	4.8	—	—
Zero Div Pf	[illegible]	-½	[illegible]	168½	—	—	—
Warrants	5	—	[illegible]	3½	—	—	—
Scot Value	63xd	-½	64	46	3.8	62.5	0.8
Sec Alliance	1206	-7	1283	1138	3.9	1348.4	10.6
Second Market	242	—	244	222	2.5	286.3	15.5
Sec Tst Scot	72	+½	75½	63	5.8	73.7	3.0
Select Assets	92	—	102½	92	1.3	130.1	29.3
Eq Ind Sarl	129	-1	122	109	4.7	—	—
Eq Ind SarII	128	-1	123	109	4.7	—	—
Shires	249	—	249	195	10.1	239.6	-3.9
11pc Cv Ln '03/04	£117½	+2	£119½	£95½	9.4	—	—
Siam Select	72	—	91	72	1.9	83.3	13.6
Warrants	14	—	21	14	—	—	—
Smaller Cos	82	—	85	67	4.1	92.5	11.3
Warrants	18	—	28	10	—	—	—
Sphere Inc	13½	—	28	13½	30.8	21.5	37.2
Zero Div Pf	76	-½	77¾	65¾	—	—	—
Warrants	0¾	—	3½	0¾	—	—	—
Stratton	164xd	—	[illegible]	147	1.4	185.0	11.4
Summit	55	—	55	39	3.8	109.8	49.9
TR City of Lon	123¼	+½	127½	97½	5.1	118.0	-4.5
TR Euro Growth	88	—	89	79	1.7	97.8	10.1
Ptg Sub	48	—	54	46	2.8	—	—
TR Far East Inc	92	—	96	76	6.4	102.1	9.9
Warrants	28	—	22	12	—	—	—
TR High Inc	106	—	110	91	7.4	103.7	-4.2
Sub	30	—	35	28	6.7	—	—
TR Pacific	91	—	99	71	8.4	97.2	6.4
TR Prop	22½	—	27	20	8.9	31.1	27.6
TR Smaller	140	—	152	118½	3.5	153.6	8.8
TR Technology	31	—	37	25	8.8	97.0	68.0
Stepped Pf	102	—	102	89¾	7.2	—	—

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

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FINANCIAL TIMES
Weekend June 13/June 14 1992

Car clamping on private land illegal, court rules

By Robert Rice, Legal Correspondent

MRS JANE COOK from Laxfield, Suffolk, who was forced to hand over a gold tooth as "security" to get her car released after it was clamped in Norwich this week, may wish that she lived in Scotland.

The Justiciary Appeal Court in Edinburgh yesterday ruled that private wheel clamping operations on private land north of the border were illegal. Lord Hope, the Lord Justice General, said holding cars to ransom amounted to "extortion and theft".

Two employees of a private wheel clamping company based in Hamilton, Lanarkshire, were appealing against a decision in Hamilton Sheriff Court that they should face charges of extortion and attempted extortion.

The case was brought against them after they clamped a car parked without permission in a private car park near shops in Townhead, Hamilton. The charge for releasing the car was £45.

Lord Hope said he had every sympathy with those whose land was used for parking without permission, but the methods used in this case fell within the proper limits of the crime of extortion "since the whole purpose of the wheel clamping was to obtain money as a condition of the release of the vehicle".

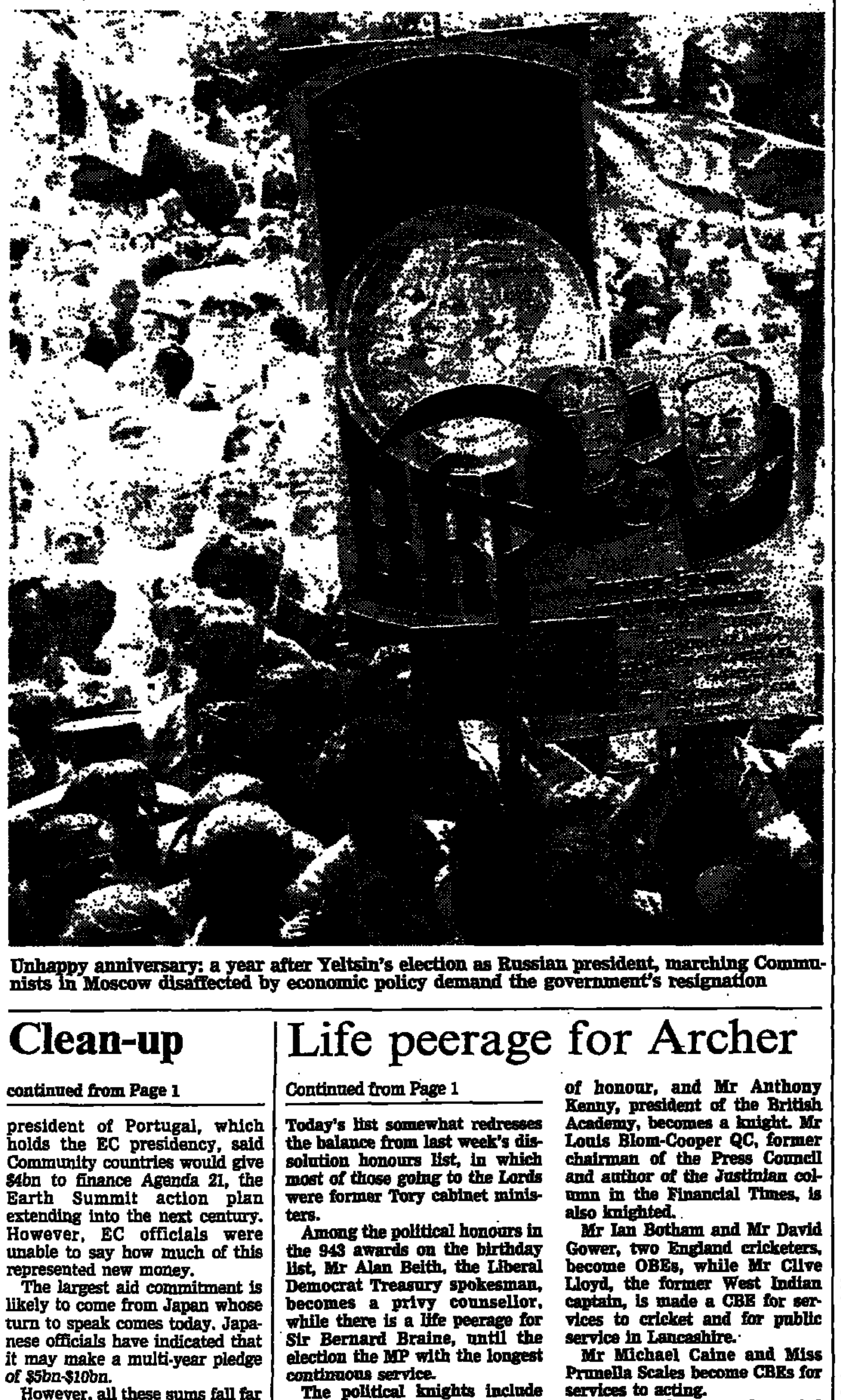
Lord Hope added: "In short, it is illegal for vehicles to be held to ransom in the manner described in these charges, and those who are proved to have done so are guilty of attempted extortion or, if the levy has been paid, of the completed crime of extortion."

The judgment, which does not apply in England and Wales, was welcomed by the Automobile Association, which has been pressing for a code of conduct for private clamping companies. It described the law in England as "very confused", adding that "We are still waiting for a precedent."

Mr Philip Bell consultant to the Wigan-based Nationwide Parking Control, the company involved in Mrs Cook's case, said yesterday the Scottish case would not affect the position in England and Wales.

Wheel clamping was the only way of protecting landowners' rights over their own land, he said. "It is now accepted practice, however disliked or unpopular it is", he said. He added, however, that his company was in favour of a code of conduct and had been in close conversation with the AA about it in recent weeks.

Private clamping companies are not allowed to put the "Denver Boot" on cars illegally parked on the highway. The Department of Transport said the only people with authority to clamp on the highway were the Metropolitan Police. The 1991 Road Traffic Act will give local authority parking attendants power to clamp, but it has not yet come into force.



Unhappy anniversary: a year after Yeltsin's election as Russian president, marching Communists in Moscow disaffected by economic policy demand the government's resignation

Leaders full of hope after the Rio roadshow

By Christina Lamb in Rio de Janeiro

NEVER BEFORE and probably never again will so many world leaders have assembled in one place.

From the US president to the emir of Kuwait, from the German chancellor to the Chinese prime minister and the ruler of Monaco, 117 of them were there to give their views on how to save the planet.

Photographers at the Rio Earth Summit hardly knew which way to turn as they tried to snap the parade of men in African tribal robes, resplendent military uniforms or Islamic dress, as well as leaders of Europe's new countries and of little known places such as Kiribati and Vanuatu. Whispers of "Who's that?" and "Where's that?" pervaded the balmy air.

Depending on wealth and importance, the leaders arrived by fleets of private aircraft or charter flights. Thailand's glamorous Princess Chulabhorn easily took the record for most baggage (140 cases) and the Americans brought in their own mineral water. Rio airport ran out of parking space.

Everyone got a grand reception at the airport. The prime minister of Tuvalu joined the queue for passport control, commenting to an aide that "Someone important must be arriving", not realising that the reception committee was for him.

For two days Rio was a city under siege, with a strict security cordon in place. Many roads were closed and a holiday declared to encourage residents to go out of town. The city awoke to the sound of sirens of 116 motorcades, watched by 40,000 soldiers and policemen, many of whom appeared to have the safety catches off their guns.

Presiding over it all was Brazil's President Fernando Collor who could hardly keep the grin off his face. Until three years ago he was a political nobody, barely known outside his home state of Alagoas in the country's poor north-east. Now Mr Collor had achieved his moment of glory.

The grin had slipped a little by late morning as he tried valiantly to keep so many egos under control and restrict speeches to the allotted seven minutes. When Cuba's Fidel Castro mounted the rostrum there were gales of laughter as Mr Collor warned that speeches were overrunning. Don Fidel is not known for his brevity. But yesterday he was on his best behaviour, delivering one of the day's shortest speeches.

Dressed in his usual khaki uniform, he was in ebullient form, punching the air as he crossed the plenary to carry the banner of the socialist revolution, these days a rather lonesome task.

The world's most famous beard called for "the end of selfishness and hegemony, selfishness and deceit", blaming the world's environmental problems on "imperialist policies".

Chancellor Kohl appeared not to be listening, but one African leader whipped out a video camera to film the event. It was the first time Mr Bush and Mr Castro had been in the same room.

Mr Castro's spirited speech came as light relief amid 56 leaders spouting worthy rhetoric about the future of life on earth and the measures they had taken at home. Mr Li Peng treated everybody to a long list of statistics about the Chinese economy and "large-scale soil improvement programmes"; the Europeans disappointed everyone by failing to open their wallets.

THE LEX COLUMN

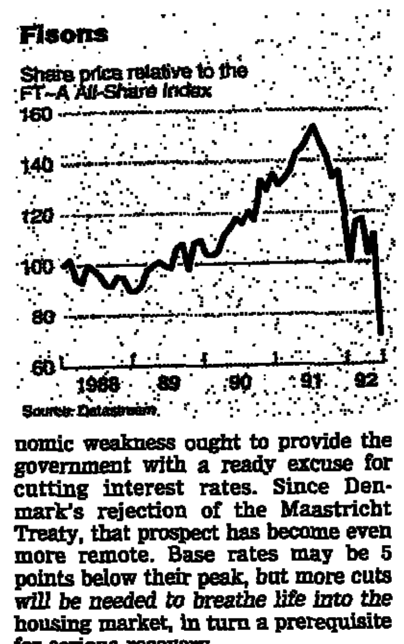
Lost faith in Fisons

Yesterday's profoundly depressing news from Fisons could prove the last straw for its long-suffering shareholders. Only a matter of weeks ago, the company was steering the market towards first half profits this year of some £85m, down only £10m from the year before. It now appears that the figure could be as low as £35m. Not only has the company proved persistently unable to produce some of its drugs to acceptable standards, it now appears that its scientific equipment division, supposedly a counterbalance to the drugs division, will show a drop in profits of some 30 per cent in the first half as well.

How far this is due to bad luck as opposed to bad management may no longer be relevant. As a good small drug company in a world of giants, Fisons had a case to make for continued independence. But the big drug companies are also fast-growing. If, as optimistic forecasts now suggest, Fisons makes £150m before tax this year, its earnings per share will be lower than five years before.

Even after yesterday's 100p share price plunge, the £150m figure would leave the shares on 15 times earnings. That can scarcely be justified by the trading record. The question is rather one of break-up value. The problem is that there are no obvious buyers for both the drug and instrument divisions. In a market in which warehousing assets is too expensive for most predators to contemplate, it is perhaps time for the Fisons board to do the decent thing and break up the company themselves.

FT-SE Index: 2603.7 (-10.4)



Source: Datastream

UK economy

The good news is that underlying inflation is showing some real improvement at last. Retail prices excluding mortgage payments rose an annual 5.3 per cent in May compared with 5.7 per cent in April. Better still, service sector inflation, which has long resisted treatment, has begun to abate. The process should continue, even though there remain one or two sticky points, like motor insurance premiums.

The bad news is that the fall in inflation is to some extent a measure of desperation about the economy. Thursday's CBI distribution survey showed that post-election optimism fizzled out in May, while City economists are busy cutting their growth forecasts for the year to almost nothing. A combination of success on the inflation front and continuing economic weakness ought to provide the government with a ready excuse for cutting interest rates. Since Denmark's rejection of the Maastricht Treaty, that prospect has become even more remote. Base rates may be 5 points below their peak, but more cuts will be needed to breathe life into the housing market, in turn a prerequisite for serious recovery.

With the FT-SE 134 points below its peak on May 11, a fair amount of this must already be in the market. Certainly, the economy is not actually weakening any more, and the index is in sight of the trading range established during the first quarter when investors were grappling with electoral uncertainty. The problem is that the implications of economic stagnation for corporate earnings in 1992 may not have fully sunk in. Wall Street is showing signs of nervousness. And there is a daunting number of new issues to get away, even if some of the proceeds of the Wellcome issue will doubtless be reinvested in UK equities.

UK contractors

For some months now the market has brushed aside the sky-high earnings multiples for UK contractors and valued them on their yields and continuing cash flows. For many, another factor in favour was the potential for housebuilding to recover early in the cycle. Yesterday, Taylor Woodrow's chairman, Mr Colin Parsons, effectively told shareholders that this view is wishful thinking. His remarks had an immediate impact elsewhere, with shares of Wimpey, Costain, and Persimmon among several to suffer 5 to 10 per cent falls. Warnings about this year's dividend, thin contracting margins and the subdued level of property sales should come as little surprise to the market. The really alarming feature of Mr Parsons' statement was its implications for Taylor's cash flow. It is there in the gloomy reference to the structural steel plant of Octavius Atkinson. It is apparent from the admission that the contracting side is preparing for a reduced workload this year. And it is obvious from the hint that some of the Greenham wholesaling businesses could be put on the block. The question for investors – given the company's existing development commitments – is whether it can even afford to pay the 5p per share dividend which was being pencilled in for this year.

The message is there for the whole sector. It is no coincidence that Mowlem, for example, is now trading on an 11.6 per cent yield even after the payout has been halved. There are implications, too, for Eurotunnel, which will be under no illusions now that the UK contractors with which it is negotiating have anything to give away.

Sotheby's

The decision by Sotheby's redoubtable chairman to reduce his shareholding by a third was bound to affect the company's share price. Mr Alfred Taubman will continue to hold 14m shares and has pledged to stay as chairman for a while yet. In addition, he has scarcely called the top of the market. Although his investment a decade ago in the auction house has proved astute, Sotheby's shares are a mere third of their price in late 1989. Granted, that is largely the result of the bursting of the bubble which drove prices for Impressionist paintings and toy cars to absurd levels. Equally, these days the big auction houses are less wedded to offering customers the financial incentives which spurred on their excesses.

The question is whether the 12 per cent fall in the share price yesterday in London was the correct response. In reducing his stake, Mr Taubman is not giving up voting control. Moreover, the shares are difficult to value on fundamentals. This year's profits may reflect little more than a patchy improvement in the art market. Given that Sotheby's shares have outperformed those of Christies by a quarter this year, investors can hardly be blamed for wondering if Mr Taubman is belatedly cashing in after all.

Clean-up

continued from Page 1

president of Portugal, which holds the EC presidency, said Community countries would give $4bn to finance Agenda 21, the Earth Summit action plan extending into the next century. However, EC officials were unable to say how much of this represented new money.

The largest aid commitment is likely to come from Japan whose turn to speak comes today. Japanese officials have indicated that it may make a multi-year pledge of $5bn-$10bn.

However, all these sums fall far short of the $125bn a year which the summit's UN organisers have said the Third World needs. This reinforced the sense of anticlimax yesterday. But there was also a concerted effort to stress the positive.

Life peerage for Archer

Continued from Page 1

Today's list somewhat redresses the balance from last week's dissolution honours list, in which most of those going to the Lords were former Tory cabinet ministers.

Among the political honours in the 943 awards on the birthday list, Mr Alan Beith, the Liberal Democrat Treasury spokesman, becomes a privy counsellor, while there is a life peerage for Sir Bernard Braine, until the election the MP with the longest continuous service.

The political knights include Mr Michael Hirst, chairman of the Scottish Tory party, and Mr Ivan Lawrence MP who narrowly missed being appointed to Mr John Major's administration.

Dame Elisabeth Frink, the sculptor, becomes a companion of honour, and Mr Anthony Kenny, president of the British Academy, becomes a knight. Mr Louis Blom-Cooper QC, former chairman of the Press Council and author of the Justinian column in the Financial Times, is also knighted.

Mr Ian Botham and Mr David Gower, two England cricketers, become OBEs, while Mr Clive Lloyd, the former West Indian captain, is made a CBE for services to cricket and for public service in Lancashire.

Mr Michael Caine and Miss Prunella Scales become CBEs for services to acting.

Women make up nearly a third of those honoured in the birthday list, although the proportion falls to little more than a quarter if the lowest class of award – the British Empire Medal – is excluded.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Colonia Konzern	900	+	10
Fag Kugelfischr	264.5	+	6.5
Falls			
Asko	753	–	30
Bilf. & Berger	998.5	–	10.5
Heidelb Zem	960	–	20
Kali & Salz	146	–	4
New York ($)			
Rises			
Chrysler	20½	+	⅜
Delta Air Lines	58½	+	1⅜
Harmonia Bancp	17½	+	2¼
Philip Morris	74	+	1⅝
Utd Airlines	118⅜	+	2⅝
Falls			
Ross Cosmetics	5⅛	–	9⅜
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Pernod Rickard	1628	+	56
Roussel-Uclaf	2265	+	65
Saint Gobain	569	+	15
Falls			
CGIP	1090	–	40
Imm de France	805	–	25
SILIC	610	–	17
Tokyo (Yen)			
Rises			
Akebono Brake	525	+	35
Dijet Indl	585	+	38
Kinki Sharyo	519	+	43
Falls			
Canon Sales	2150	–	190
Daiko Denshi Ts	1550	–	140
Kyoei Sangyo	671	–	49
London (Pence)			
Rises			
Airtours	298	+	11
Appleby Wstwd	283	+	15
Bonbrook	68	+	8
UK Land	23	+	4
XCL Sunrise	174	+	8
Falls			
Amber Day	62	–	5
AB Ports	344	–	66
BPB Inds	169	–	13
Brit Aerospace	302	–	17
Cohen (A) A	300	–	50
Countryside	107	–	9
First Nat Fin	54	–	9
Fisons	245	–	100
Lovell (YJ)	11	–	7
Oxford Instr	213	–	16
P & O Defd	460	–	26
Persimmon	257	–	28
Sotheby's	683	–	87
Tarmac	115	–	5
Taylor Woodrow	94	–	10
Vickers	155	–	15
Waterman P'ship	29	–	5
Whitecroft	72	–	20
Wimpey (G)	151	–	14

World Weather

UK Today: Dry, warm and fairly sunny over much of England and Wales; northern counties will see some cloud in the afternoon. A bright start in Scotland, but rain from the Hebrides will gradually spread to the mainland.

		°C	°F																
				Cairo	S	34	93	Inverness	S	24	75	Milan	F	23	73	Salzburg	R	13	55
Ajaccio	C	21	70	Cape Town	S	16	61	Isle of Man	S	17	63	Montreal †	F	18	64	S'Francisco †	S	13	55
Algiers	F	26	79	Cardiff	S	23	73	Istanbul	F	30	86	Moscow	S	25	77	Seoul	S	23	73
Amsterdam	S	19	66	Chicago †	S	17	63	Jersey	S	19	66	Munich	C	16	61	Singapore	F	28	79
Athens	F	25	77	Cologne	S	18	64	Johannesburg	C	14	57	Nairobi	F	23	73	Stockholm	F	20	68
Bahrain	S	37	99	Copenhagen	S	19	66	Las Palmas	F	22	72	Naples	C	19	66	Strasbourg	F	17	63
Barcelona	F	20	68	Corfu	S	22	72	Leeds	S	23	73	Nassau		–	–	Sydney	F	16	61
Beijing	S	31	88	Dallas †	S	22	72	Lisbon	C	20	68	Newcastle	S	18	64	Tangier	C	21	70
Belfast	S	21	70	Dublin	S	22	72	Locarno	F	21	70	New Delhi		–	–	Tel Aviv	S	30	86
Belgrade	S	25	77	Dubrovnik		–	–	London	S	21	70	New York †	S	20	68	Tenerife	C	23	73
Berlin	C	15	59	Edinburgh	S	21	70	Los Angeles †	S	16	61	Nice	S	21	70	Tokyo	C	26	79
Biarritz	C	16	61	Faro	F	21	70	Luxembourg	C	15	59	Nicosia	S	28	82	Toronto †	S	18	64
Birmingham	S	20	68	Florence	Dr	16	61	Madeira	F	22	72	Oporto	C	17	63	Tunis	F	25	77
Blackpool	S	19	66	Frankfurt	S	19	66	Madrid	F	20	68	Oslo	F	17	63	Valencia	F	22	72
Bombay	S	34	93	Geneva	T	17	63	Majorca	F	22	72	Paris	C	19	66	Vancouver †	R	13	55
Bordeaux	T	16	61	Gibraltar	C	19	66	Malaga	R	23	73	Perth	C	20	68	Venice	C	20	68
Boulogne	C	18	64	Glasgow	S	23	73	Malta	F	22	72	Prague	C	18	64	Vienna	S	19	66
Bristol	S	21	70	Guernsey	S	17	63	Manchester	S	22	72	Reykjavik	F	11	52	Warsaw	S	20	68
Brussels	F	18	64	Helsinki	S	25	77	Melbourne	R	13	55	Rhodes	F	26	79	Washington †	S	19	66
Budapest	R	18	64	Hong Kong	S	26	79	Mexico City		–	–	Rio de Janeiro		–	–	Wellington	F	10	50
Buenos Aires		–	–	Innsbruck	R	14	57	Miami †	S	27	81	Rome	F	19	66	Zurich	R	15	59

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

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Weekend FT

SECTION II — Weekend June 13 / June 14 1992

THE BIG LIE

Inside Maxwell's empire

'You'll just have to trust me'

He committed one of the biggest frauds of recent years. In a seven-month investigation the FT has uncovered how Maxwell, vain, domineering and deluded, fooled the world. **Bronwen Maddox reports**

A furious row erupted in the garden of Headington Hill Hall and Kevin drove off shaking with rage

THE SUNDAY morning calm of Oxfordshire on July 7 last year was broken by the clatter of helicopter blades. The four-seater Aerospatiale Twin Squirrel, registration G-RMGN, with the Mirror Group Newspapers lion growling on its side, lowered itself onto the grass in front of Headington Hill Hall, a 30-room Edwardian mansion. Robert Maxwell stepped out.

The weather forecast had said it would be one of the hottest days of the year, and staff carried Maxwell's desk and telephone out from the house to the side of the pool.

A chauffeur-driven car pulled up and Maxwell's youngest son Kevin jumped out, looking tense and irritated.

"Get me Richardson on the phone," Maxwell told his secretary, demanding to speak to the chairman of Smith New Court, the ambitious City stockbrokers to Maxwell's public companies.

Sir Michael Richardson, who was entertaining members of the local foxhunt and their families to Sunday lunch, was called to the phone. Maxwell told him he had changed his mind. He no longer wanted to step down as chairman of Maxwell Communication Corporation (MCC), his largest company. He would not give way to Peter Walker, the former Tory cabinet minister who was a director of Smith New Court.

This was a devastating blow to Kevin. As MCC's chief executive, he had longed for the day when he would run the show. It had been his plan to bring in Peter Walker. But now there would be no liberating change in style, no freedom from the whims of a dominant father.

A furious row erupted between father and son by the side of the pool. With the Filipino maid still laying the table for lunch, Kevin drove off, shaking with rage.

When Maxwell's decision became public two weeks later, MCC's shares started to collapse, and accelerated the Maxwell empire's slide to disaster. But the alternative – allowing Walker into the inner sanctum – would have been impossible. Giving control to an outsider might have led to the discovery of the awful truth at its heart.

The Robert Maxwell story is about the vanity, brutality and delusion of one man, and how he persuaded others to believe him.

He borrowed £3bn from the world's biggest and most respected banks to build an empire that was doomed to failure. As it tottered, he stole more than £900m from his companies and their pension funds, most of it in just 10 months as he made a futile effort to pacify the banks.

All he bought with the stolen pensions of 30,000 past and present employees – many of whom now face destitution – was a few more months of life at the cost of £3m a day.

No-one stopped him committing one of the biggest business frauds of the century. One after the other, the lines of defence failed: directors, banks, trustees, pension regulators and the Bank of England.

They failed to notice the signs, or to recognise their seriousness; in some cases, they even failed to look. But the signs were there. As Maxwell was arguing with his son in his Oxford garden, the cracks had started to appear.

One crack opened the very next day.

The small blond man who stepped into the revolving doors of Maxwell Communication Corporation at Holborn Circus in the centre of London on Monday July 8 was unprepared for the shock that hit him.

He was about to stumble on one of the first signs of trouble in the Maxwell empire, but he could hardly have guessed at the crisis that lay hidden.

Basil Brookes had been MCC's finance director for only nine months: one of Robert Maxwell's chosen few, with a ringside seat at the unfolding drama, or so he thought. MCC, whose most valuable asset was US publisher Macmillan, ranked as one of the top 100 companies on the London stock market. It was valued at £1bn, making it worth more than twice as much as Mirror Group Newspapers (MGN), Maxwell's second public company. It was Brookes' first public company directorship, and an impressive post for someone aged only 33.

Looking through the accounts, Brookes expected to see that MCC had a comforting pile of £200m ready cash in the bank. But the money had vanished.

"We were hoarding that cash," Brookes says. MCC was creaking under nearly $2bn of debt and needed the money to pay the bankers.

In a normal company, the missing amounts could easily have been traced. But in Maxwell's corporate labyrinth, figures were hard to come by, even for finance directors.

The company ledgers for June had not yet been drawn up, so Brookes had painfully to reconstruct MCC's payments from the treasury department, which, under Kevin Maxwell's day-to-day direction and Robert Maxwell's authority, moved cash around the Maxwell empire.

Brookes says: "It was always an effort to get information out of the treasury – they were always busy and chaotic. It took me a few days to get the numbers, but I got them."

To his horror, the cash had disappeared into the companies that Maxwell called the "private side" of his empire.

This "private side" – a tangled web of nearly 400 companies, many no more than brass nameplates in offshore tax-havens – was run by Maxwell, his sons Kevin and Ian, and a few trusted aides from the London offices. It held Maxwell's investments in property and foreign newspapers, as well as blocks of MCC and MGN shares – Maxwell's majority shareholdings in the public companies.

The web was gathered under two parent companies: Headington Investments, owned by a Gibraltar trust company, and the Maxwell Charitable Foundation, registered in the secretive principality of Liechtenstein. Tight confidentiality laws and obsessive secrecy within the core group shielded both companies from public scrutiny.

Directors of the public Maxwell companies, MCC and MGN, talk of an "iron curtain" which divided them from that hidden empire.

In May, MCC had lent £75m of its precious cash to the private side. But Kevin Maxwell, a director of both the private and public companies, had assured Brookes that the money would be repaid by the end of June.

As he combed the books, however, Brookes realised the hole had more than doubled, mainly during June, to £180m.

"My reaction was one of shock," says Brookes. "I felt let down. First, it wasn't back to zero. Then, no-one had bothered to tell me."

He ran up the stairs from his office on the eighth floor to Maxwell's on the ninth, and met Maxwell and Kevin together. They told him there had been a delay in selling some of the private side businesses, but promised the hole would soon be filled.

Brookes found the story plausible. It was not the first time MCC had lent the private side money – there was a history of such loans – but MCC had always been repaid. Nevertheless he kept checking. Each morning he dug out the bank statements from the post and pieced them together.

> MCC burned its bridges with some 20 of the world's biggest banks

Any relief he might have felt soon evaporated. Within days, more money had gone out: £75m in one lump, on a single signature – Robert Maxwell's.

To Brookes' acute frustration, this was within the company's rules. In most companies it would be impossible for the chairman to pay out so much money on his own. But MCC had its own rules, dating from when it was called British Printing Corporation and was rescued by Maxwell from financial disaster. In a fateful board resolution on November 26, 1981, Robert Maxwell had assumed supreme power. His signature alone could sign away the company's assets. Brookes had no way of stopping more money vanishing. "I was fighting 10 years of history," he says.

Brookes ran up the stairs again, around the corner, and down the short grubby corridor that led to Kevin's office. "I asked him 'What the hell is going on?' Kevin said, calmly: 'I'm under instructions not to talk to you. You must go to my father'."

Brookes opened the double doors to reception and dodged left down the corridor to Maxwell's secretary, who allowed him into Maxwell's office.

Seated behind his desk at the far end of the 80ft room, Maxwell refused to tell Brookes where the £75m had gone and when it would come back. Brookes said: "I have to know, it's my job." But Maxwell rebuffed him, saying: "You'll just have to trust me. It's all OK."

Brookes spent the next few nights sleepless. "I got really worried as the days went on. It was so much money, it went so quickly and they wouldn't talk about it." He telephoned Richard Baker, MCC's former deputy managing director, who had left in February. Baker had been one of Brookes' main allies in Maxwell House.

Baker, a combative man, had done nothing to soften the outside face of MCC. But he had also turned his trenchancy against Maxwell. One of MCC's main bankers comments: "I think it made an extraordinary difference that Baker left."

In a scene which characterised the sense of conspiracy that would grip the Maxwell empire, the two men arranged to meet outside a rugby club near High Wycombe. They parked next to each other, and Brookes went to sit in Baker's car.

Baker told him: "You've got to see Kevin, and if you don't get an explanation, then you have to take professional advice on your own behalf."

What Brookes did not know was that Maxwell was taking money from MCC partly because other sources were drying up. On July 10 at 3pm Maxwell had asked National Westminster, the second largest UK bank and one of the largest lenders to Maxwell, for another £40m loan for his private companies. The bank had refused.

Nor did Brookes know, and would not know until weeks after Maxwell's death, how some of the money siphoned off from MCC had been spent. In mid April Maxwell had begun an illicit operation to prop up MCC's shares, which eventually cost some £250m. The share support coincided with the disappearance of money from MCC, and the company's administrators now believe some of MCC's money was used to buy the shares. However, it is against the Companies Act for a company to buy its own shares without shareholders' permission or for a director to buy shares without telling the company.

In one of his most closely-guarded acts, Maxwell had routed cash through the private side and out to secret trusts in Liechtenstein and Switzerland, in order to disguise the identity of the buyer of the shares.

He told brokers who dealt for him that these trusts were entirely independent, but it is now clear that the shares that were bought were under Maxwell's control.

Maxwell had resorted to this desperate measure because the survival of the private side hung on MCC's share price. It was this fatal intertwining of the two sides of his empire that was to lead to its collapse.

> The cash had disappeared into what Maxwell called the "private side"

Unknown to the outside world, the private companies had accumulated debts of some £1bn in 1991. To raise this huge sum, Maxwell had pledged his own shares in both MCC and MGN to the banks, effectively mortgaging them. But MCC's share price had been falling since the autumn of 1990 because the market was worried about the company's massive debt. If the share support scheme could not halt the slide, the banks would call in their loans, and the private side would crash. Maxwell was like a home owner with a huge mortgage on a house whose value was dropping by the day.

On Wednesday July 17 the bomb dropped: MCC's annual report was published. The outside world learnt that Peter Walker, who represented the hope that MCC would be run in a conventional way, would not become its chairman.

Maxwell explained that MCC was now planning to demerge its US businesses, which made 90 per cent of its profits, one of Peter Walker's recommendations. "The task he [Walker] was originally invited to do ... the chairman of the entire group both in the US and Britain ... will no longer exist," said Maxwell.

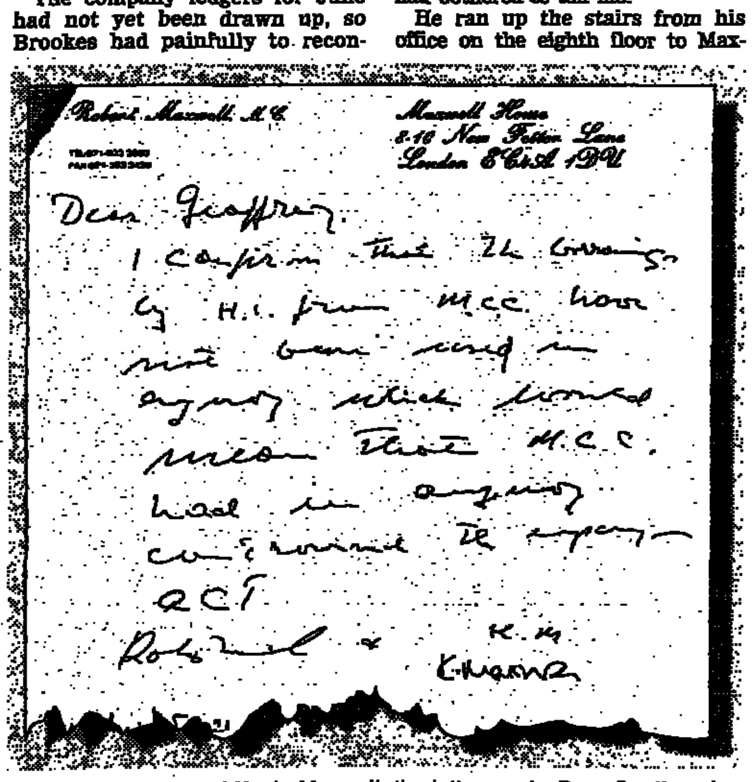
In his first, extended interview since his departure from MCC, Walker says he was told by Maxwell on July 11 that "his services as chairman would no longer be needed".

He says that at the time he thought the decision sensible, as he thought the demerger was in the company's best interests.

However, the demerger never happened; Samuel Montagu, one bank approached by Maxwell to draw up plans, says Maxwell never held a formal meeting with the bank on the subject.

Continued on Page XVI

Pensions: How to spot another Maxwell Page IV



Signed by Robert and Kevin Maxwell, the letter reads: Dear Geoffrey, I confirm that the borrowings by H.I. from MCC have not been used in any way that would mean that MCC had in any way contravened the Companies Act.

The FT's team of journalists has interviewed more than 150 people in 13 countries. The team led by Bronwen Maddox included:
In London: Jimmy Burns, Raymond Snoddy, Robert Peston, Andrew Jack, Norma Cohen, Richard Gourlay, Danny Green
In Jerusalem: Hugh Carnegy **In Moscow:** Leyla Boulton **In New York:** Alan Friedman

CONTENTS

London Markets

Companies utter a chorus of groans

By Peter Martin, Financial Editor

THE AIR HAS been full of the groans of companies giving up on the economic *recovery. Sir Anthony Pilkington*, chairman of the company that bears his name, announced the first dividend cut since his family sold shares to the public. It was a time for prudence, he said, because he could not see "the mechanism to start a recovery" in either the UK or the US. "There is unprecedented uncertainty *about the timing, nature* and strength of the recovery," he went on.

That news came on Thursday, as the CBI reported weak retail sales in May and the car industry reported a fall in output because of poor export sales. Pilkington's shares dropped 3p, to close the day at 129p, down from 164p just over a *month ago.*

On Friday, the chorus of "Recovery? what recovery?" was taken up by Taylor Woodrow at its annual general meeting. Announcing "a considerably reduced level of dividends" for the current year, Colin Parsons, chairman, said that the economic downturn had "devastated" the industries in which the company operated. Given this, he said, "we must expect any recovery, when it comes, to be gradual". Taylor *Woodrow's shares fell 10p*, to 94p, a drop of 9p on the week.

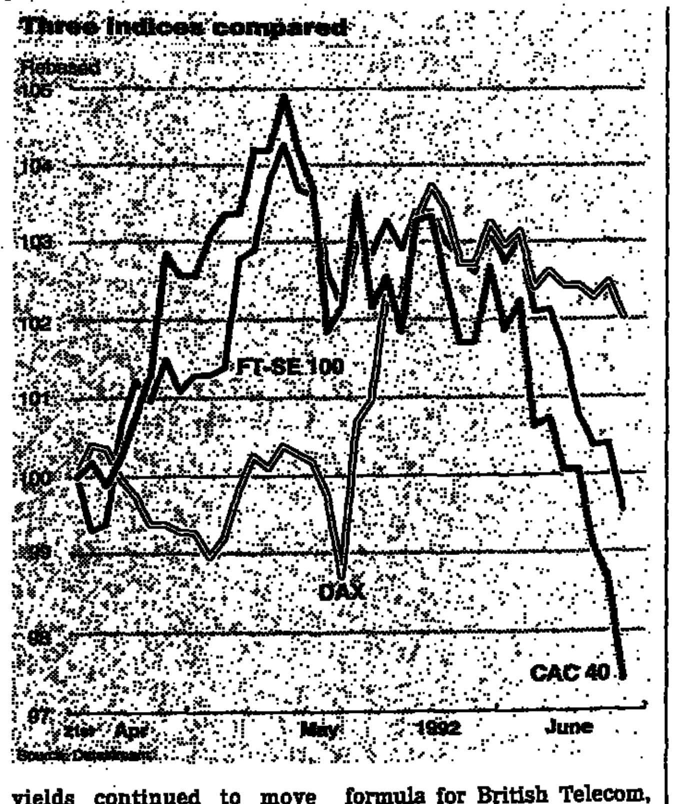
Other construction industry shares also fell; the sector as a whole dropped 9 per cent on the week. One influence was a note from John Wriglesworth of UBS Phillips & Drew, who argued that 1.5m UK householders had mortgages for more than their homes were worth. *Fear of falling into this* debt trap was stopping first-time buyers from launching themselves on to the housing market this year, he said, even though homes were more affordable than at any time since 1984.

There were two spectacular pieces of gloomy corporate news during the week. Regal*ian, the property developer*, announced a pre-tax loss of £27m for the year to March, but its auditors, Ernst & Young, clearly felt the figure could have been worse: it qualified the figures because of the difficulty of valuing development sites.

The other bad news came from Fisons, which issued a warning about poor results in the first half of the year (though it was talking about its own particular troubles *with US drug regulators* rather than the state of the economic cycle). Amid a chorus of complaints from analysts, Fisons' shares fell 100p in the minutes after the announcement, closing on Friday at 244¼p, down 115½p on the week.

Against this background, it was not surprising that on Friday the FT-SE index came *within a few points of closing* below 2,600, ending the day at 2,603.7. The index has fallen 134.1 since its post-election peak a month ago.

If worries about the economic recovery lie behind the market's unease, next week will provide plenty of opportunity for further hand-wringing, as a flood of UK economic *statistics are published.* Another reason for edginess, however, has been political uncertainty in the wake of the Danish vote on the Maastricht treaties. As it became clear that Conservative MPs were unhappy with the government's initial support for a "business as usual" approach to Maastricht ratification, gilt yields continued to move upwards, and sterling remained weak. Thursday's referendum in Ireland will prove another crucial hurdle for the Maastricht treaties. If *they fail to surmount it, more* market bumpiness lies ahead. As the chart shows, the FT-SE has dropped more, since the Danes' Maastricht vote, than the German DAX index – but less than the French equivalent, the CAC-40 index.



Still, the week was also notable for some good news from companies. John Ritblat, the *chairman of British Land, said* the worst was over in the UK property market; Amersham International, the health science group, announced a 34 per cent rise in pre-tax profits in the year to March; TI celebrated an overwhelming vic*tory in its bid for Dowty; and* Racal announced a swing from a loss of £22m last financial year to a pre-tax profit of £56m. The market greeted a flow of small and medium-sized rights issues with equanimity, and looked set to swallow new *issues from MFI, Telegraph* and GPA with similar sangfroid.

News of such developments was almost elbowed into obscurity, however, by a flood of announcements from the regulators of privatised companies. *The most important of these* developments was a new price formula for British Telecom, announced by its regulator, Oftel. The price cap on BT's services tightens from the rise in the Retail Price Index minus 6¼ per cent to RPI minus 7½ *per cent – a rather* harsher ruling than the market had expected. Together with a number of more *detailed* changes, this means – according to estimates from County NatWest – that there will be a 2.8 per cent drop in turnover and a £250m drop in pre-tax profits. If BT does not accept the new formula, it will be *referred to the Monopolies and* Mergers Commission.

The ruling was announced on Tuesday, pushing BT's shares down 8p on the day to 354p. By Friday it had slipped further, to close at 350½p, down 13½p on the week. Since *last autumn*, BT has underperformed the FT-SE index, of which it is one of the largest single components, by 16 per cent. It is now yielding 5.6 per cent, towards the top end of the range – between 3¼ per cent and 6½ per cent – in *which it has moved since pri*vatisation. On the face of it, that looks attractive. The worry, of course, is whether the regulatory climate has shifted decisively against the company. For the investor in privatised stocks, such calcula*tions are likely to prove* a permanent feature of life.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	*2603.7*	*-64.8*	*2737.8*	*2382.7*	*Poor corporate results*
Barclays	342	-26	410	285	Standard & Poor's downgrade
Blick	*414*	*+15*	*414*	*314*	*Good results*
British Telecom	350½	-13½	368½	305	Oftel price capping move
Elect Package Uts	*£3175*	*-28*	*£3403*	*£2245*	*Regulatory worries*
Frogmore Estates	284	-16	328	265	Share placing by Regalian
Glaxo	*725*	*-15*	*943*	*708*	*County Natwest caution*
London & Manchester	286	+16	293	215	Change in accounting policy
Manders	*294*	*+47*	*295*	*182*	*Kalon bid*
Midland Bank	422	-24	474	204	Arbitrageurs pull out
Pilkington	*126*	*-11*	*169*	*118*	*Profits slump/div cut*
Racal Elect	66¾	+3¼	69½	45	Excellent results
Regalian Properties	*13*	*-12*	*68*	*13*	*Loss & qualified accounts*
TSB	140	-11	153½	115	Lloyds bid move unlikely
Welsh Water	*443*	*-35*	*481*	*337*	*Slightly disappointing figures*

Serious Money

OFT reports fuel disclosure debate

By John Authers

"THE STRUCTURE and level of remuneration of salespeople and intermediaries may influence the savings and investment advice that is given to consumers, with advice skewed *in favour of some products* and companies."

These clinical but provocative words are the joint conclusion of two excellent reports written by Helena Wiesner and Jeremy Mitchell and published this week by the Office of Fair Trading. The sentiments will be familiar to FT readers.

Having dropped its bomb*shells, the OFT*, making its first foray into the world of consumer finance, said it had not decided whether to accept the reports' recommendations. If it does, it will re-open the most contentious issue facing the consumer finance industry – commission disclosure – which seemed to have been put to rest by the recent Securities and Investments Board review.

Understandably, this arouses great anger. Intermediaries, most of whom do an excellent and worthwhile job, feel that both their livelihoods and their honesty are being questioned. Neither is necessarily the case. *But the issue will not go away.*

In her report, Wiesner says that when an independent intermediary arranges a sale he should, before it is completed, reveal in cash terms the commission he will be paid. Why? Because commissions vary from company to company and from product to product, creating conflicts of interest which will be clearer if the commission is visible.

Commission is the price of an intermediary's advice. It is, therefore, hard to justify hid*ing it. But the SIB decided for* two reasons against forcing disclosure: first, that the total charges connected to the product (including administration and so on) were more important than the commission alone; and, second, that requir*ing IFAs to reveal their com*mission would put them at a competitive disadvantage with direct sales forces which can hide behind incentive schemes that mask the cut they are taking.

Both arguments have some merit. But are they sufficient to justify SIB's stance? Wiesner concludes, with devastating *logic, that they are not.*

Total charges are important – there is no point paying a small commission if a life office is inefficient – but that does not mean commission is unimportant. SIB admitted that it erred on the side of "paternalism" and wanted to prevent consumers being confused by too much information.

Perhaps "patronising" is a better word than "paternal." If the information is useful for the consumer, it should not be withheld. But the issue of the "level playing field" with tied *agents and direct salesmen* is trickier.

> *'Intermediaries feel their jobs and honesty are being questioned'*

The OFT reports show the huge amounts of commission that building societies – only two of which haveindependent status – rake in from insurance sales. Commission *accounted for 27 per cent of* profits for the Halifax, tied to Standard Life, in 1990. Tied agents and direct sales forces surely bear the lion's share of responsibility for the present wasteful level of surrenders of endowment policies.

*But would it be to the disad*vantage of independents to have to reveal their commission? Surely not. Independent advice is a more valuable commodity than the salesmanship available at a building society. If it were labelled clearly with *a price, consumers might* appreciate this more.

Then there is the question of agency. Mitchell's report cites an Appeal Court judgment which found it remarkable that a broker "who is remunerated by the insurance industry, and who presents suggested policies on their behalf" should be treated as the agent of the poli*cyholder.*

If IFAs are agents for the consumer, and not just freelance salesmen, then Wiesner suggests it is fair to have higher expectations from them. I quote: "The independent intermediary is the agent of the client. His *service* should be on a par with other professional services – such as those offered by a *solicitor* or an accountant – where the adviser would normally charge a fee and, in any event, has a duty to account to his client for any commission received. The tied agent, by contrast, is a salesman for his company and *their agent rather than the* client's."

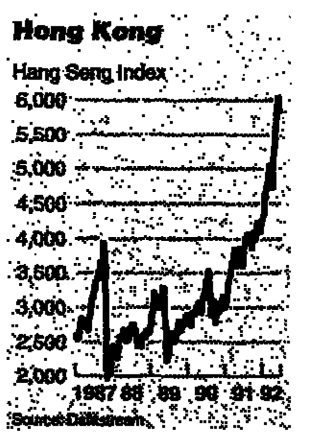
In other words, IFAs should be on a different playing field from tied agents.

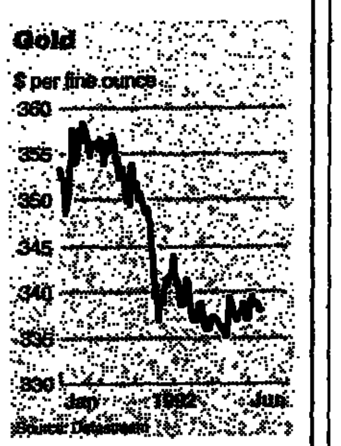
A fully fee-based system would remove conflicts of interest at source. Sadly, *though*, this will not happen in Britain for many years. Most financial products come with commissions built in, *the* tax system is unfavourable, and the public is not prepared to pay fees. Insurers are generally more reliable as prompt payers *than consumers.*

For the time being, clear and transparent commissions will have to do. If customers can see the incentives, and how much they are paying, much of the conflict diagnosed in the OFT reports disappears. In *many cases, a commission will* be revealed as a perfectly reasonable price to pay.

For the good of independent advisers, whose status would be enhanced, and, most importantly, the consumer, the OFT should urge the government to *enforce disclosure of commis*sions at point of sale.

AT A GLANCE





Harder times in Hong Kong

Hong Kong's Hang Seng Index fell this week after recent record highs, *to close at 5,819. However, many analysts believe this is* the start of a period of consolidation, and, providing China does not lose its Most Favoured Nation trading status with the US, *does not signal a strong down-swing in Hong Kong's* traditionally volatile market. **Is it time to sell Hong Kong?: Page V**

Gold's seasonal drift

Gold prices, which are in a mid-summer trough after peaking in the winter, appear to be in a seasonal price cycle. Prices showed only a slight improvement of just under $1 per fine ounce over the week. Analysts are speculating that seasonal movements in both oil and the dollar reinforce the gold price swings. Consumer demand for gold is highest during the winter in many parts of the world, say analysts, because of a concentration of festivals, including Christmas in the west and the Chinese New Year in February.

BT shares reminder

Shareholders with partly-paid British Telecom shares will *receive their new certificates on Tuesday and have until June* 26 to sell their partly-paid shares. Payment for the next instalment falls due on July 7.

Japanese trust launch

Edinburgh Fund Managers is launching a Japanese investment trust which aims to raise between £15m and £20m. It is the first new Japanese investment trust launch for ten years. EFM Japan will come to the market via an institutional placing and offer to intermediaries. *It will* not be a complex split-capital issue but has a conventional structure – there will only be ordinary shares, plus warrants issued on a one-for-five basis. *Iain Watt, EFM managing director, said he was confident* that the trust would not move to a discount to net asset value. The ordinary shares of 25p will be issued at 100p while the *warrants will be exercisable from 1993 to 2005 at that price.* The trust is open for subscription between June 15-June 23.

New Britannia account

The Britannia building society has launched an index-linked savings account which will pay 4.5 per cent gross above the *retail price index. The rate is not fixed but Britannia will give 90* days notice of rate changes. The minimum investment is £1,000 and interest is paid quarterly. Penalty-free withdrawals require a 90-day notice period.

Smaller companies 'uncertain'

Analysts at Hoare Govett are predicting a period of uncertainty for smaller companies over the next few months. This judgment certainly seems to be born out by the latest indices. The Hoare Govett Small Companies index (capital gains version) fell 2.03 per cent to 1272.1 over the seven days to June 11. The County Nat West index showed an almost identical trend, dropping 1.97 per cent to 1012.59 *over the same period.*

Correction

Malvern Girls' College has used debt collectors for collecting fees from parents and not, as was suggested in last week's Weekend FT, Malvern College, which currently accepts only boys.

Wall Street

A scary ride for the high rollers

MANY US investors were left with a rather queasy feeling as the equity markets closed yesterday, the result of a roller-coaster ride of Coney Island dimensions.

The swings in the Dow Jones Industrial Average – which lost a fulsome 61 points between Tuesday and Wednesday *before beginning to regain* lost ground on Thursday – says a great deal about the jittery nature of market sentiment these days.

The uncertainty stems from a raft of conflicting data on the patchy US economic recovery, *puzzlement about* the US presidential sweepstakes and a gradual realisation that parts of the market may be dangerously overvalued.

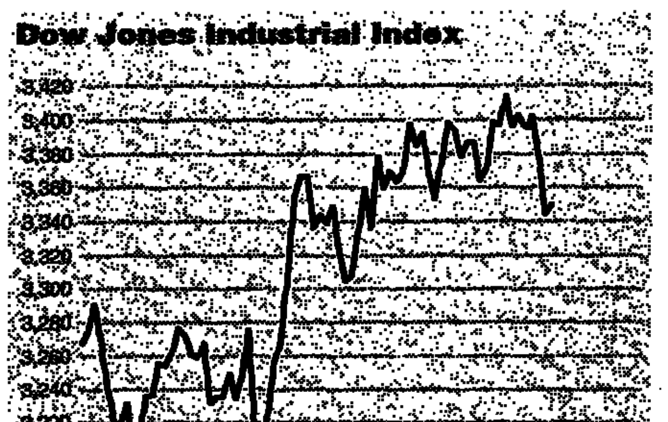
Some encouragement for buyers came from the release of seasonally adjusted con*sumer price figures yesterday* morning. These showed a less-than-expected 0.1 per cent rise for May. The figures imply an average annual inflation rate of just 1.7 per cent, well below the 3 per cent average annual rise in the consumer price index since the start of calendar 1992.

James Solloway, director of research at Argus Research, called the inflation figure "a fairly decent number" while other analysts noted that the market could now be priming itself for more attempts at a rally.

"Investors are still jittery about the strength of the econ*omy and of corporate profits*, and the Fed is showing no inclination to lower interest rates further," Solloway said, adding there was thus little to power the market on a sustained basis.

The May inflation number will not, on *its own, persuade* the Federal Reserve to abandon its wait-and-see stance toward a cut in interest rates. But it should help to improve prospects for a Fed easing, possibly in the next four to six weeks.

Until this week's Dow Jones index gyrations, the New York equity market had moved relatively little over the previous three weeks. Investors had been – and remain – both nervous and confused about the near-term trend in prices.



The problem is that recent economic data have suggested the US recovery is continuing, but very slowly. The underly*ing market sentiment is* therefore quite negative and as the market lacks any fundamental support it has become susceptible to the kind of sudden sell-offs that occurred in the middle of this week.

Add to this equation a Dow Jones Industrial Average of nearly 3,400 and it is not hard to see why the market looks even more overvalued than it *did during the exaggerated* bull run at the start of this year. The issue investors should be considering is whether all of this points to mere corrections in prices, downward blips of 20 to 40 points or the risk of a more substantial and damaging sell-off.

An example of this fragile market psychology came on *Wednesday*, a day after the Dow Jones index had dropped more than 34 points. The announcement late on Tuesday of a 6.3 per cent decline in consumer borrowing in April unsettled traders and investors; this was, after all, the largest monthly drop in more than a decade. Since a lack of consumer confidence threatens the US recovery, so does the indication that consumers are still trying to reduce their personal debt burdens.

The increasingly surreal nature of the *1992* presidential campaign only adds to market unease. President George Bush, warts and all, may still be the candidate of choice for many Wall Street *investors*. But he seems to stumble on a nearly daily basis.

Ross Perot, no matter how adept he has shown himself to be in using tabloid television chat shows, is so far a demagogue with few detailed policy positions.

The equity market hates uncertainty, has no idea what Perot might really do on the economic front and has been confronted this week by the spectacle of grown men in Washington engaging in supposedly high-minded debate about whether a constitutional amendment is needed to balance the budget.

The result *of this cloudy* outlook can be read in the index tables. Three weeks ago the Dow Jones index stood at 3,386.77. By June 5 the index had risen to 3,398.69. At its low point this week – on Wednesday – the index was *down to* 3,343.22. And at lunch-time yesterday, grasping at the inflation numbers for reassurance, the index had recovered to a level of 3,372.

A more realistic level for the index might be back in the 3,200 to 3,250 range. But that *implies a fairly substantial* drop – of more than 100 points. It could yet happen.

Alan Friedman

Monday	3404.13	+ 5.44
Tuesday	3369.92	– 34.21
Wednesday	3343.22	– 26.70
Thursday	3351.51	+ 26.70
Friday		

The Bottom Line

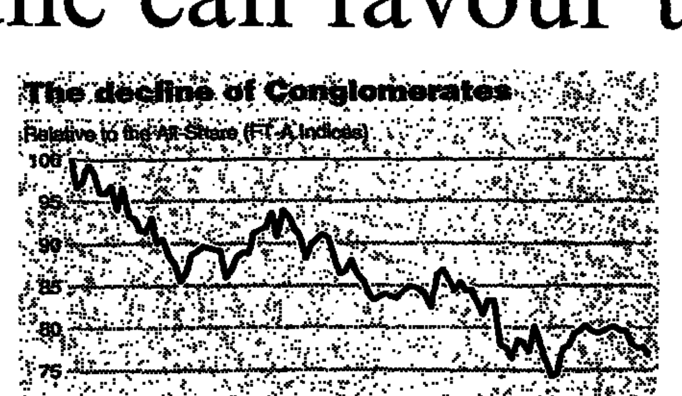
When fortune can favour the cautious

SOME sectors, such as building materials, seem to defy the gravity of the comments *made by company chairmen in* their enjoyment of high, recovery-anticipating ratings. Other sectors, notably conglomerates, look cheap even though many of their constituents also would benefit from an upturn. Sometimes, it almost seems their defensive qualities, such as a spread of activities and locations, are held against them. This line of thinking has led Credit Lyonnais Laing to bring out a document arguing *that investors seeking recovery* stocks can find better value among what it calls "holding *companies.*" The examples include Hanson, BTR, Williams Holdings and Cookson.

Part of the argument is that just because the profits of well-spread companies have not been slashed by recession, it "does not mean they cannot rise sharply." They, too, operate in cyclical industries – BTR in motor components, for instance. The trouble is that *the sector might be cheap for* good reason and that, when it comes to buying, the very diversity of the companies involved makes individual stock selection much more important than sectoral characteristics.

Take the cheapness. The conglomerates sector includes some big bad performers – Lonrho and Trafalgar House, for example. And it is dominated by Hanson, where the rating has declined for a variety of reasons. Some of these reasons are peculiar to Hanson. Others have been applied more generally in a derogatory way to holding companies.

Accounting policies often are picked over. The acquisitive activities of these groups have prompted questions about whether earnings growth is genuine or inflated by the below-the-line write-downs and provisions allowed by acquisition accounting.



On the other hand, percep*tion of these companies will* depend partly on their acquisition strategy. What will Williams Holdings go for after failing to take Racal Electronics? When will Tomkins make a move? BTR has at least pulled off a big deal *with its acquisi*tion of Hawker Siddeley.

Some of these organisations *may also* be seen as traders in companies whose profits may be boosted by gains on one-off transactions. And they can look unfocused. These were the kinds of arguments which led to the *unbundling of Racal.* And such ideas are gaining renewed currency as conglomerates become unfashionable.

A contrary opinion would point to the way acquirers, with the legitimate help of flexible accounting, have rationalised many a company and sold off weak subsidiaries to reduce gearing. The lack of focus need not matter when a strong management system can be applied to a variety of operations.

The last *point is illustrated* by Tomkins, which has an explicit management formula. *Its justification* has been the continuing progress in earnings per share and the £70m *cash accumulated by last* November. But then, Tomkins' share price has outperformed the FT-A All-share index by a third in the past year.

So, when it comes to individual stock selection, the price may be up with events, and there has been some recognition of the holding companies' virtues in sectors other than conglomerates. Other industrial materials and business services have both recovered lost ground.

Nevertheless, they remain much cheaper than single-industry *cyclicals*, such as building materials and hotels and leisure. Hence the case for tak*ing an interest in them.*

David Ireland, conglomerates analyst at Hoare Govett, says *they suit the "cautious"* investor who attaches as much weight to track record as to recovery hopes. Financial strength should be an important attribute of the stocks.

With doubts about the timing and the strength of recovery reflected in the recent slipping of the FT-SE 100 index, fortune may favour the cautious rather than the bold.

Jane Fuller

Dividend growth withers in recession's cold wind

***Scheherazade Daneshkhu** reports that investors are finding it increasingly hard to maintain good returns from traditional high yield stocks*

MANY shareholders rely on dividends for income, but the recession is taking its toll on company profits and, in turn, on dividend growth. On Thursday, Pilkington announced a cut in its final dividend, the first since it went public in 1970. Blue chip companies such as Trafalgar House, Asda, Vickers, Lonrho and British Aerospace have all been forced to cut their dividends and other companies are under pressure to do the same. There is even a question aboutthe ability of British Steel, a stock traditionally held for income, to maintain its final dividend when it reports its results later this month.

Unit trust income funds have managed very small rises over the past few years; the average income fund has risen in value by only 0.4 per cent over the year to June, and by 7.5 per cent over three years. And it is becoming harder for investors to maintain a high return from traditional high yield stocks. High yielding stocks are now perceived to be the ones in potential trouble and at greatest risk of cutting dividends or keeping them static. "Yield has become more a measure of risk relative to return," says Bill Smith, head of UK research at BZW.

The yield of a share is the dividend expressed as a percentage of a share price. If share prices fall while dividends are constant, the yield will rise. So, if a stock is high yielding stock with a low price its share price hasalmost certainly declined. Unusually, the market prices have not risen in line with dividends and the yield is now higher than the rate of inflation. This suggests that the market does not expect dividend growth to be high enough to protect investors against inflation.

The latest figures for dividend growth are not encouraging. During the second half of the 1980s, annual growth was between 15 to 20 per cent, averaging 8 per cent in real terms. It has now dropped to below 2 per cent year on year. "This has come as a surprise," says Nick Train, investment director of GT unit managers. "The consensus view was that it would be more like 5 to 7 per cent. We have now come to the end of a remarkable period for dividend growth in the UK stock market."

That growth was stimulated in the 1980s by the rise in company profits and the takeover boom, which encouraged companies to raise their dividends to maintain shareholders' loyalty. Large dividend payouts in the 1980s also helped to drive up share prices – some analysts would argue that, with investors chasing income, British companies were overdistributing.

It is, therefore, no coincidence that there has also been a sharp rundown to historically low levels of dividend cover – the margin of safety between company earnings and the amount it pays out. The long-term dividend cover has been 2.5 times but it is now 1.75 times and probably still going down, according to Train. By paying out, instead of conserving their cash, companies with low cover are taking the risk of "mortgaging their future," he believes.

Companies have continued to pay dividends in spite of the recession, fearing a drop in the share price which could follow a cut. This has been in spite of a warning last November from Robin Leigh Pemberton, governor of the Bank of England, that it would be irresponsible of companies to maintain dividends by dipping into reserves. But many, such as Barclays Bank and Commercial Union, held – or even increased – their dividends in spite of large drops in profit.

"Companies held their dividends because they thought they could sustain them until the economic upturn came by," says Leonard Klahr, of Capel-Cure Myers Asset Management. But the recession has lasted longer than expected, and analysts expect some companies that struggled to maintain dividends in March to cut them in the next set of results.

The historically low level of dividend cover means that when there is an upturn in the economy, many companies may prefer to invest in the business rather than increase payments. This indicates depressed prospects for dividend growth, a conclusion reached also by BZW equity strategists in this month's *Equity Strategy*: "Given the painfully low level of cover, we only expect a recovery [of dividend growth] to around 4 per cent later this year. There is no prospect of the same strong real growth in dividends that accompanied the earnings upturn from 1984."

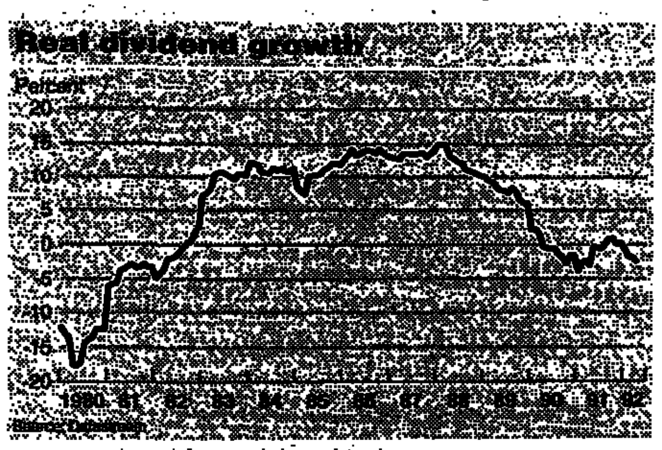
Another reason why growth is likely to be slow is that analysts do not expect profits to be as high as in the 1990s. Mark Cliffe, chief economist at Nomura in London, argues that corporate profits in the 1980s benefited from sterling's depreciation. As the pound fell in value, overseas competition was reduced and profit margins for UK companies increased. But now sterling is in the ERM, it is no longer free to fall, blocking the "depreciation route" as a way to sustain corporate profitability.

While the overall picture for dividend growth is expected to be flat, there is considerable variation in the market. "People who want dividend growth have to look at areas like the utilities where there is good profitability and good cover," says Klahr. "Growth in dividends is expected to be 9 per cent among the utility companies, which represents 4-5 per cent real growth."

Another promising area is pharmaceuticals. Bob Semple, of County NatWest, expects dividend growth of 20 per cent for the sector this year and 15 per cent next year. The catch for income investors, however is that pharmaceutical companies with high dividend cover, such as Glaxo, tend to have low yields which make them unattractive for the income-seeking investor. At the other end of the scale, many property companies are on a high yield and have been paying out dividends uncovered by earnings.

For the future, Semple expects dividend growth of 5 to 6 per cent in the next few years against a background of 4 per cent inflation. Other analysts see little or no growth in dividends over the next few years. But a note of optimism is struck by Chris Rodgers, fund manager of the Schroder Income fund, who believes the worst is over. "It should take a couple of years for companies to build up cover but, after that, we should see a return to real dividend growth," he predicts.

Real dividend growth



Trusts can help to cut the risk

INVESTORS for income on the stock market would be well advised to dilute their risk through a collective fund such as a unit or investment trust rather than to try individual share-picking.

As discussed in the article above, investors who go hunting for high yielding shares are engaged in a risky business because their chosen companies might cut dividends or, in the worst case, even collapse. But dividend cuts in shares held by a collective fund will have a less pronounced effect on investors because of their wide spread.

There are more than 100 income funds to choose from in the UK equity income unit trust sector, and six in the high income sector of investment trusts. For inclusion, a unit trust must have a yield above 110 per cent of the yield of the FT All-Share index; for investment trusts, the figure is 125 per cent.

Unit trust income funds have done well over the long term, even outperforming the growth sector over periods from three to 10 years if income is re-invested. But the growth in distributions has fallen since the recession began and has barely increased over the past year. Many fund managers have adopted a defensive strategy.

Most unit trusts pay out income every six months, but there are many that pay at quarterly intervals. These include Newton's Income fund, which is top of the sector over a period of three, five and seven years to June.

Its manager, Jonathan Powell, says his priority is to guard the capital by buying companies with strong balance sheets rather than chasing income with companies on high yields. He has put food firms, utilities and pharmaceuticals as well as convertibles into the fund.

"These companies won't be cutting dividends but they won't be raising them, either," he says.

The Buckmaster Income fund, which has been a consistently good performer over to seven years in the year to June, distributes every six months but its High Income fund pays out every month. The initial charge on the High Income fund is 3 per cent instead of the industry norm of 5.25 per cent, but the minimum investment is £10,000 compared with £500 for the Income portfolio.

Alternatively, investors can choose to buy into a number of good-quality unit trusts with different distribution dates. Selecting two which pay at different six-monthly intervals would ensure quarterly dividends for the investor, but this steady flow of income would have to be balanced against paying two lots of front-end charges.

Investors worried about the future of unit trust income funds can take heart from Chris Rodgers, manager of the Schroder Income fund. He argues that although dividend growth has slowed this year, the market thought dividends would come under threat last year; thus, it has fallen already in response to this expectation. So, he expects this year to be better than last for income funds.

He is also running the fund defensively by targeting companies with middle-range yields of about 7 per cent. These include, P&O, ICI, British Gas, Rank, Scottish Power, Shell and BAT.

Investors who are seeking income above a combination of income and capital growth over the longer term would, however, be better off at the moment to hold bonds rather than equities. Long-dated gilts are yielding more than 9 per cent and are expected to run into double figures over the couple of years, compared with a yield of 4.5 per cent in the stock market and an inflation rate of 4 per cent.

Other products designed to produce income include National Savings' income bonds, which pay a variable rate of interest at monthly intervals.The rate on a minimum deposit of £2,000 is now 10.25 per cent.

The life industry also has a number of products geared towards producing income. Guaranteed income bonds pay a fixed rate of interest at regular intervals. The rate depends on the amount invested and the length of time the capital is to be tied up, usually one to five years.

Annuities also pay a fixed sum regularly, sometimes over a specified period (temporary annuity) or until death (immediate annuity). Effectively, a large part of the return is the repayment of the capital.Single premium insurance bonds also can be used to produce income because investors can withdraw 5 per cent of the original value of the investment tax-free each year.

There is no prospect of capital growth with annuities, NS income bonds and guaranteed income bonds. Similarly, the capital value of income shares of investment trusts dwindles as trusts move towards their expiry date.

Perhaps the greatest attraction of equity investment for income is the possibility of capital growth along with regular income payments.

Scheherazade Daneshkhu

FINANCE AND THE FAMILY

Fidelity's charge cuts stir the Pep pot

PERSONAL equity plans are one of the most tax-efficient ways to invest – but efficiency does not come cheaply.

People can invest £6,000 in a general Pep in the tax year with a further £3,000 in a single company Pep. A married couple could shelter £18,000 each year in Peps and pay neither income tax nor capital gains tax on the returns.

These benefits have to be balanced against the relatively high charges usually imposed by companies running the Peps.

Mindful of this, Fidelity Investments is cutting its initial charge on its unit trust Peps from Monday. It will fall from 5.25 per cent to 2 per cent while annual management fees of 1 per cent to 1.5 per cent, depending on the fund, remain unaltered. There will be no VAT on the initial charge.

Instead Fidelity will be the first to impose an exit charge on a unit trust Pep. This will be 3 per cent in the first year, 2 per cent in the second and 1 per cent in the third. There will be no withdrawal charges after that. Under current rules unit trusts cannot impose an exit fee but there is less control under Pep regulations.

Barry Bateman, managing director of Fidelity, acknowledged that high initial charges dilute the tax benefits. He said the new charging structure recognised the importance of Peps as a "popular and mainstream product" best used for long term savings.

BESt Investment, which publishes *Best PEP Advice* and *Best PEP Selections*, calculates that the total cost of a Fidelity Pep is 7 to 8.8 per cent depending on the fund. Cheaper unit or investment trust Peps are offered by Ivory & Sime, Dunedin, Lloyds, Foreign & Colonial and Equitable.

Fidelity has lost market share in Peps, from 4.4 per cent of the market from April 1990-91 to 2.2 per cent in 1991-92. Bateman acknowledged: "We did not perform as well as we would like to have done in 1991." He was pleased with performance this year.

Fidelity's unit trust performance was dented last year. Its Special Situations UK growth fund, still an outstanding performer over 10 years, ranked second in its sector, had been losing money over the past three years. It was ranked 108 out of 125 to the beginning of this month, according to Finstat. It has improved over the past six months to be ranked 10.

"Clearly, Fidelity felt it had to do something dramatic," said John Spiers, of BESt Investment. He said investors should be guided by the fund management record and should remember that good performance outweighs lower charges in the long run.

However, Roz Barder, of Chase de Vere, which produces *Pepguide*, said that Fidelity's aggressive fund management style meant that "if the market performs badly, their funds tend to nose-dive but on the other hand they tend to recover more quickly."

The last five years have been bad for the unit trust industry. The market crash of October 1987 and high real interest rates meant that returns were outperformed by banks and building societies. Someone who invested £1,000 would have only made £156 in the average unit trust over the past five years to May and would have lost money in the past year, according to *Money Management*.

Fidelity's move adds another element of competition to the unit trust industry. In February, Murray Johnstone cut the initial charge on all its unit trusts from 5 to 1 per cent, but increased its annual management fee from 1 per cent to 1.5 per cent. Gartmore eliminated the initial charge on its UK Index Fund last month.

Fidelity is keeping up the 3 per cent commission it pays to financial advisers. It is relying on the annual management charge to produce stable income. Fidelity is also introducing a savings plan for its Peps and allowing variable lump sum contributions and facilities to switch in and out of funds.

Scheherazade Daneshkhu

Pensions: learning the lessons of Maxwell

Norma Cohen and John Authers on developments in the pensions scandal

PUBLIC outrage over the plight of 20,000 Maxwell company pensioners has spurred the UK government into a wide-ranging review of pensions law.

For the average occupational scheme member, any changes to pension laws could be of vital concern to beneficiaries. Most significantly, Peter Lilley, social security secretary, said that the review will focus on the thorniest issue in pension law – the ownership and control of pension scheme assets. This means that the use of scheme surpluses, the biggest bone of contention between employers and employees, should get a full hearing.

While employers have long taken the view that surpluses are the result of over-generous contributions to schemes in earlier years, recent court rulings have been more ambiguous. The present position is particularly galling for members of contributory schemes who have contributed, on average, a third of the pension fund's capital but are not given the option of a contributions holiday in line with that of their employer.

Also, the review will consider whether schemes should be required to have beneficiaries or independent parties represented on trustee boards. Their presence could encourage some schemes to share surpluses more fully with beneficiaries.

There is no guarantee that the independent commission will urge any major overhaul of pension law. Any change would provoke fierce opposition from key sectors. Recently, the 100 Group of Finance Directors, an influential group of Britain's largest companies, surveyed its members and found that most were threatening to reduce scheme contributions if limits were placed on their ability to extract surplus.

Meanwhile, scheme members watching the government's half-hearted £2.5m donation to the Maxwell pensioners may take some comfort from knowing that the creation of a pensions safety net will also be under review. A compulsory compensation scheme could help ease the fears of those concerned about their schemes.

However, it is not clear that the review will answer the most common questions raised by scheme members. According to the Occupational Pensions Advisory Service, the most frequent query comes from those who believe that their former employer has understated the transfer value of their pension.

One of Maxwell's most unfortunate legacies is to have encouraged people to transfer out of good company schemes without realising how bad these transfer values can be.

How can you spot potential misuse of your pension fund? Actuaries at Noble Lowndes suggest that you start by finding out about the trustees:

■ Is there employee or trade union representation?

■ Is there an independent professional trustee?

■ Are the trustees all directors of the company?

You should read all the information you are sent, which should soon reveal if something is amiss. Noble Lowndes suggests you look for the following:

■ The latest audited accounts and report to members – particularly those from auditors and actuaries.

■ Reports on investments. Are the top ten investment holdings in companies in big reputable companies, or have you never heard of them?

■ Are significant amounts of funds invested in the employing company, or lent back to it?

■ Are investments concentrated in a small number of shares?

■ If the actuarial valuation says the fund is in deficit, what plans are there to remedy it?

Finally, if the trustees do not give you the information you want, contact OPAS on 071-233-8080, which can if necessary refer your complaint to the Pensions Ombudsman. The name of a solicitor with pensions knowledge can be obtained from the Association of Pension Lawyers on 071-628-9151.

Crooks like Robert Maxwell are not common. It would have paid to transfer money out of a Maxwell scheme and into a personal pension, but low transfer values mean that this should be regarded as an extreme step.

If you are very worried, then it probably makes more sense to find a new job – it is a crushing vote of no confidence in an employer to leave its pension scheme, according to Alan Jenkinson of Noble Lowndes.

Putting your eggs in other baskets almost always makes good financial sense. That means cutting your contributions to the minimum allowable, and then funding a free-standing Additional Voluntary Contribution up to the maximum. This will be managed by an independent insurance company or fund manager.

Then, if some of your pay is not pensionable, or if you have regular freelance income, you could take out a personal pension on top of the company plan. This area is complex, so take legal advice, but personal pensions are generally better than AVCs because you can take a lump sum on retirement, while the whole of an AVC has to buy an annuity.

But all of these are stopgaps. Pension law reform – when, and if, it happens – should remove some of the risks.

Week Ahead

BET, the business services conglomerate, is likely to report pre-tax profits sharply down on Monday at about £110m after an extremely tough year in joinery, personnel and plant hire. The market is expecting a halved full-year dividend. Exceptional charges could be as much as double analysts' highest expectations of about £50m.

The electricity utilities results season begins in earnest with three of the regional supply companies and one generator set to report substantially increased profits. On Monday, analysts expect East Midlands Electricity to announce a historic cost pre-tax profit of around £145m, up 37 per cent.

Norweb, expected to show the biggest rise in profits of the 12 regional companies, reports on Tuesday. Its profit is expected to more than double to £128m. On the same day, National Power, the largest privatised generator, should announce a profit of around £510m, from £434m last year. On Thursday, Manweb's profit is expected to increase by around 75 per cent to £95m.

Severn Trent, the only privatised water and sewage company to report next week, is likely to reveal a 6 per cent increase in annual pre-tax profits to £263m. Although profits from water and sewage are expected to be well ahead, attention will focus on Biffa, the waste management company acquired last year from BET for £212m.

Hazlewood Foods, the Derby-based food manufacturer, is expected to reveal flat profits of between £50m and £52m for the year to March 31 in its results on Tuesday. This is in spite of the £34.7m agreed offer for its rival Sutherland at the end of July. Cable and Wireless, the UK-based international telecommunications group, is expected to announce on Wednesday that pre-tax profits for the year end to March increased from £609m to £640. However, a higher tax charge is likely to be primarily responsible for a slight fall in earnings per share.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in in pence unless otherwise indicated					
SHH ‡	36*	35	34	21.34	IM Group
Cronite	45*	45	29	7.31	AFE SA
Dowty ‡	189	188	145	470.93	TI Group
IRG	140	121	127½	20.18	Barlo Group
JS Patholgy	175*	170	154	23.06	Corning
Menders	289	294	237	97.49	Kalon
Micrelec	134	140	113	17.81	Meggitt
Midland	480‡	454	372	3.77bn	HSBC
Morland	490	468	485	104.0	Greene King
Penny & Giles	373	370	235	35.99	Bowthorpe
Worcester ‡	225*	223	188	60.50	Robert Bosch

*All cash offer ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 12/6/92. §§Shares & cash. ‡ Based on local price

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acal	Mar	2,780	(4,300)	14.0	(20.5)	5.85	(5.4)
Airsprung Furniture	Mar	4,900	(3,500)	33.1	(21.6)	7.5	(6.33)
Amersham Int'l	Mar	20,700	(15,500)	23.7	(16.5)	12.5	(11.8)
Automotive Products	Dec	5,700	(5,600)	-	(-)	-	(-)
BAA	Mar	192,000	(247,000)	30.6	(37.8)	14.5	(13.0)
Ball (AH)	Mar	980	(825)	10.2	(8.04)	7.0	(6.75)
Barbour Index	Mar	3,700	(3,400)	14.8	(13.8)	7.25	(6.6)
Bertam Holdings	Dec	1,000	(810)	3.09	(2.62)	2.5	(2.0)
Betterware Consumer	Feb	7,040	(4,020)	12.2	(7.0)	3.06	(2.325)
British Land	Mar	33,300	(31,000)	12.5	(10.8)	6.35	(5.75)
BSS Group	Mar	10,000	(13,300)	31.8	(41.6)	17.25	(17.25)
Cape	Mar	13,600	(17,100)	17.0	(23.9)	10.5	(10.5)
Cater Allen	Apr	8,130	(7,920)	-	(-)	26.0	(25.0)
Chesterfield Props	Dec	6,700	(12,780)	12.0	(10.8)	18.5	(18.5)
Comac Group	Dec	362	(35 L)	4.05	(-)	-	(-)
Cropper (James)	Mar	1,060	(1,470)	8.6	(15.0)	3.0	(2.9)
Danka Business	Mar	11,700	(9,400)	29.3	(23.1)	3.75	(3.0)
Dowty Group	Mar	32,700	(60,600)	8.2	(15.0)	9.2	(9.2)
Drummond Group	Mar	1,140	(379 L)	4.59	(-)	1.5	(1.0)
EFM Income Tst	Apr	840‡	(-)	5.6	(-)	4.87	(-)
Electrocomponents	Mar	49,900	(55,200)	15.3	(17.4)	7.0	(6.6)
EMAP	Mar	27,100	(24,800)	12.6	(11.6)	7.5	(6.9)
Great Portland Est	Mar	33,900	(33,800)	11.2	(11.5)	10.0	(10.0)
Hambros	Mar	74,400	(80,400)	27.6	(29.1)	13.8	(12.8)
Heath (CE)	Mar	19,100	(25,800)	17.3	(28.5)	25.87	(25.87)
Henderson Admin	Mar	17,000	(15,900)	54.3	(49.7)	41.0	(37.5)
IFG Group	Dec⁑	1,090	(1,600)	3.0	(4.82)	1.05	(1.0)
Int'l Comms & Data	Feb	1,130	(830)	2.12	(2.28)	-	(-)
Johnson Matthey	Mar	66,300	(66,100)	24.0	(23.9)	9.65	(9.25)
Landu Holdings	Dec	85 L	(138 L)	-	(-)	0.3	(0.3)
Locker (Thomas)	Mar	306	(1,640)	0.32	(2.75)	1.1	(1.6)
Mansfield Brewery	Mar	11,000	(8,000)	48.6	(38.6)	13.6	(12.1)
Marshalls	Mar	12,500	(12,700)	4.33	(4.88)	5.0	(5.0)
Marston Thompson	Mar	15,100	(18,300)	12.26	(14.44)	4.91	(4.46)
Meyer Int'l	Mar	24,600	(36,100)	19.2	(27.9)	16.5	(16.5)
MFI	Apr	8,800	(24,200 L)	-	(-)	-	(-)
M&G Second Dual	May	2,390‡	(2,390‡)	23.9	(23.8)	23.86	(23.78)
Mid Southern Water	Mar#	7,470	(5,780)	200.2	(-)	87.8	(-)
Moorgate Smaller Co's	Apr	3,300	(-)	4.83	(-)	4.125	(-)
Morrison Cons	Mar	5,100	(5,700)	-	(-)	-	(-)
National Grid	Mar	314,500	(237,800)	-	(-)	-	(-)
Nationwide	Apr	201,900	(260,450)	-	(-)	-	(-)
Northern Foods	Mar	126,200	(105,400)	38.3	(32.8)	15.75	(13.7)
Northumbrian Water	Mar	61,100	(46,900)	85.5	(65.3)	20.5	(18.6)
Oriflame Int'l	Mar	8,890	(6,050)	15.7	(10.3)	12.0	(12.0)
Osborne & Little	Mar	855	(892)	7.83	(7.9)	4.35	(4.35)
Oxford Instruments	Mar	8,600	(12,060)	14.7	(16.8)	4.3	(4.15)
Penna	Mar	84 L	(2,080)	-	(28.7)	2.0	(11.25)
Phoenix Timber	Mar	1,960 L	(2,420 L)	-	(-)	-	(-)
Pilkington	Mar	77,000	(151,600)	1.2	(8.6)	6.0	(10.5)
Porter Chadburn	Mar	5,600	(5,300)	5.2	(5.7)	2.5	(2.4)
Powergen	Mar	359,000	(272,000)	31.0	(23.0)	9.25	(5.55)
Powerscreen Int'l	Mar	18,800	(15,800)	16.1	(14.8)	6.0	(5.55)
Property Partnership	Mar	1,760	(2,060)	13.0	(13.4)	7.0	(6.8)
Protean	Mar	2,030	(1,310)	8.29	(8.05)	2.75	(2.5)
Racal Electronics	Mar	55,600	(21,800 L)	2.3	(-)	1.0	(-)
Regalian Props	Mar	26,800 L	(11,100)	-	(8.02)	1.5	(4.4)
Rowe Evans	Dec	1,480	(1,340)	1.85	(2.05)	1.0	(1.0)
Salvesen (Christian)	Mar	67,200	(66,600)	17.0	(17.6)	7.0	(6.8)
Scapa Group	Mar	44,700	(42,300)	13.2	(15.2)	5.36	(5.1)
Scott Pickford	Mar	404	(213)	3.79	(2.4)	0.8	(0.5)
Seton Healthcare	Feb	4,800	(3,010)	15.2	(13.2)	5.1	(3.7)
Smith New Court	Apr	18,400	(7,600)	23.4	(4.1)	4.5	(3.5)
Sonic	Mar	114 L	(50)	-	(1.69)	1.0	(1.0)
Staveley Inds	Mar	24,200	(28,000)	16.6	(20.6)	8.2	(8.2)
Storm Group	Dec†	98 L	(369)	-	(0.68)	-	(-)
Tams (John)	Mar	1,640	(2,880)	4.92	(8.34)	4.0	(4.0)
Unigate	Mar	92,200	(75,500)	27.3	(22.3)	15.3	(15.3)
Vodafone Group	Mar	271,800	(244,700)	18.38	(16.86)	5.8	(5.27)
Vosper Thornycroft	Mar	16,100	(14,300)	34.8	(31.2)	13.1	(11.37)
Welsh Water	Mar	138,200	(128,100)	88.4	(82.2)	21.4	(19.5)
Wintrust	Mar	3,020	(4,010)	19.54	(27.4)	9.3	(9.3)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Blick	Mar	3,700	(2,800)	3.0	(2.6)
Burndene Inv	Mar	2,070	(1,470)	3.0	(2.0)
Carr's Milling	Feb	125	(52)	1.0	(1.0)
Daily Mail	Mar	22,800	(23,900)	32.0	(29.0)
Daks Simpson	Jan	525 L	(-)	-	(-)
Eldridge Pope	Mar	71	(118 L)	1.31	(0.87)
Electronic Data	Mar	2,410	(1,870)	2.0	(1.75)
French (Thomas)	Mar	299	(329)	1.45	(1.45)
Gartmore Scotland	Jan●	1,630	(-)	8.4	(-)
Greencore	Mar⁑	16,200	(14,400)	3.0	(-)
GWR Group	Mar	254	(33)	3.0	(1.0)
Hawtin	Mar	726	(692)	-	(-)
Johnson & Firth	Mar	3,300	(5,080)	1.0	(1.0)
London Scottish	Apr	1,800	(1,600)	0.95	(0.87)
Murray Enterprise	Mar	43	(272)	-	(-)
Neotronics Tech	Mar	1,140	(1,510)	0.85	(0.8)
Princedale Group	Mar	328	(196 L)	-	(-)
RCO Holdings	Mar	2,300	(2,100)	4.62	(4.2)
Stakis	Mar	3,390 L	(45,100L)	-	(0.45)
United Drug	Mar⁑	1,400	(1,220)	2.05	(1.85)
Watson & Philip	May	4,140	(4,170)	4.2	(4.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. § = Last years figures for 15 months. † = Last years figures for 13 months. ‡ = Net revenue. ⁑ = Figures quoted in Irish pounds & pence. ● = Figures for nine months

RIGHTS ISSUES

BSS Group is to raise £16.2m via a 1-for-4 rights issue at 330p.
Dudley Jenkins is to raise £2.4m via a 4-for-5 rights issue at 55p.
EMAP is to raise £77.9m via a 1-for-4 rights issue at 230p.
Marshalls is to raise £20m via a 1-for-5 rights issue at 75p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Aminex	Friday	-	-	-
BET	Monday	4.25	9.0	4.25
Booth Inds	Wednesday	0.7	2.5	0.7
Bradford Property	Tuesday	1.7	2.0	2.0
Brent Walker	Thursday	-	-	-
Brockhampton Holdings	Thursday	1.35	2.7‡	1.85
Bulgin (AF) & Co	Wednesday	-	0.1	-
Cable & Wireless	Wednesday	3.7	8.1	4.25
Camborne Industries	Monday	-	-	-
Chillington Corp	Tuesday	2.0	0.75	0.5
Chloride Group	Thursday	-	-	-
Craig & Rose	Tuesday	2.0	13.0	2.0
Cranswick	Tuesday	2.0	4.5	2.3
Davenport Knitwear	Monday	-	8.03	-
Dawson Int'l	Thursday	2.9	6.1	2.90
East Midlands Electricity	Monday	-	10.55	5.1
Erskine House	Tuesday	2.3	4.35	2.3
Faupel Trading Group	Monday	1.85	3.05	1.85
Finsbury Trust	Monday	1.2	1.65	1.2
FKI	Thursday	2.0	1.3	1.0
GEI Int'l	Thursday	2.47	4.85	2.47
Hazlewood Foods	Tuesday	2.1	3.7	2.2
JF Fledgeling Japan	Friday	-	-	-
Jupiter Tyndall	Friday	2.0	3.0	-
Learmonth & Burchett	Thursday	0.4	-	-
London Int'l Group	Thursday	3.0	6.25	3.2
Manweb	Thursday	-	11.2	5.45
Melville Street Inv	Tuesday	1.5	3.0	1.5
Mountview Estates	Wednesday	6.0	9.0	8.0
National Power	Tuesday	-	5.5	3.0
Norweb	Tuesday	-	10.94	5.3
Portsmouth & Sunderland	Thursday	2.6	5.64	2.73
Portsmouth Water	Thursday	-	-	-
Renold	Monday	1.2	2.5	-
Salsland	Tuesday	0.7	0.3	0.14
Severn Trent	Thursday	5.85	11.7	6.4
Shanks & McEwan	Thursday	10.2	17.2	2.24
Shelton (Martin)	Tuesday	0.75	1.0	0.75
Stirling Group	Thursday	0.5	1.0	0.5
Vibroplant	Monday	1.22	2.38	1.22
Volex Group	Tuesday	6.5	10.6	6.5
Waddington (John)	Wednesday	3.6	4.3	3.6
Wellman	Monday	0.8	1.4	0.6
Welpac	Monday	-	0.55	-
INTERIM DIVIDENDS				
Bankers Inv Tst	Friday	0.8	0.8	0.85
Caldwell Inv	Friday	-	-	-
Chemring Group	Wednesday	9.9	19.75	-
Gestetner Holdings	Wednesday	1.8	6.4	-
Grainger Tst	Friday	1.2	4.05	-
Henderson Highland	Tuesday⁑	1.4	1.4	-
Intercare Group	Monday	0.5	1.5	-
Jersey Electricity	Friday	-	-	-
London & Clydeside	Tuesday	1.8	5.2	-
Lookers	Thursday	2.0	4.2	-
LPA Industries	Tuesday	1.85	1.87	-
NFC	Wednesday	1.2	2.25	1.3
River Plate & General Inv	Wednesday	3.0	5.9	-
Strata Inv	Friday	-	1.4	-
Treatt	Monday	1.0	2.4	-
Widney	Thursday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ⁑ = 1st quarter figures. ‡ = Special interim dividend.

Investing in . . . Hong Kong

China's internal reforms hold key to long-term prospects

John Authers argues that it might not yet be time to sell

IS IT time to sell Hong Kong? Common sense suggests that it must be. The Hang Seng index, which measures the Hong Kong market's performance, has risen 64 per cent over the past year, and 40.3 per cent this year alone. Last week it broke through the 6,000 barrier, having stood at only 3,004 at the beginning of last year. These figures have the look of a peak about them. Then, too, the political risk which lurks once China's leader Deng Xiaoping dies scarcely inspires hope for sustained strong rises.

For once, professional fund managers in the area seem to agree with the layman's view – few of them are happy to predict continued growth on anything like this scale. But that does not necessarily mean that the time has come to sell. And political developments could yet leave the Hong Kong market looking attractive.

What has fuelled the recent performance? There seem to be two main reasons.

■ The China factor.

For a year or so after the Tiananmen Square massacre in Beijing, exposure to China was a thoroughly negative influence on the Hong Kong market. But the shock of Tiananmen has worn off while China's economy has grown strongly. Economic, if not political, reform seems well entrenched. The need for it is not disputed by top Chinese officials, giving observers hope that it will survive the present leader, Deng Xiaoping.

Pamela Chan, manager of Sun Life's recently-launched Pacific Growth unit trust, points to a front page editorial in the state-owned *People's Daily*: "Reform and opening up ... is our only choice." The word "capitalism" is even being used by communist leaders, she says.

Hong Kong has high exposure to Guangdong province, which neighbours it on the Chinese mainland. Growth there last year was 13.5 per cent, almost twice the national average. While that level is not sustainable indefinitely, many believe in China's capacity for growth for years to come.

All of this has eroded what analysts call Hong Kong's "China discount." What was perceived as the political risk posed by China's takeover in five years meant that investors were prepared to buy Hong Kong shares only at a low rating, in terms of price-earnings ratio, compared with the rating of companies in other Pacific economies.

The positive signs coming out of China have eroded most of that discount. According to Datastream, the historic p/e ratio on the Hang Seng index dropped to 8.9 in the weeks following Tiananmen but now stands at 16.2, having been only 12.7 at the beginning of this year. Hong Kong is now almost in line with other Pacific economies, although ratios are still below the headier heights of 1987.

If you agree with this argument, there is no reason to expect the market to endure a cyclical fall. It has simply enjoyed a re-rating in response to new data. But this argument also points to slower market growth in future. China's development must be swift indeed to see the discount eroded much more in the next few years.

■ Interest rates.

In real terms, Hong Kong credit is absurdly cheap. While inflation hovers around double figures, overnight bank lending rates are only around 2 per cent. There is no rationale for this within the colony's economy. Interest rates are pegged at this level only because the Hong Kong dollar is tied to the US dollar. Thus, base rates have had to follow US rates downwards to stop traders profiting from "arbitrage."

Unsurprisingly, the Hong Kongese are not very interested in saving at present – the rate they earn on deposit is barely half that of inflation. But the property market has had a jamboree, which the government is trying to dampen. Not only are loans cheap but residents also are desperate to gain a hedge against inflation, which property traditionally can be expected to provide. Equities also have benefited from this bizarre set of circumstances. While interest rates stay unnaturally low, strong growth in property and equity prices should continue.

Underlying corporate earnings also have been fuelled by the credit boom, as people have spent to consume rather than save. If forecasts for final-year earnings are correct, then there is still value in the market, with prospective ratings of around 11.5, and this effect has not been played out fully. But K.C. Lee, Hong Kong-based fund manager with Fidelity, offers a warning. "At some time, Hong Kong will have to pay a price for what is going on. We can't have a system which discourages savings without a price being paid."

It is possible to view this more optimistically – for example, Chan says that the island should benefit from a US recovery and forecasts earnings per share growth for 1992 of 24 per cent – but the interest rate effect must be a reason to expect a slow-down in the market before long. So, any investment judgment on the Hong Kong economy must be balanced finely.

Both China and interest rate policies have been positive factors over the past year. The former should continue to fuel growth for many years – although the possibility China could lose its Most Favoured Nation trading status with the US would dent this. The latter is unlikely to remain suppositive for many more months. The result is reflected in fund managers' allocation decisions. Most are still overweight in Hong Kong, but their weightings have been cut slightly and are likely to be cut further. It is still not time to sell Hong Kong in a big way.

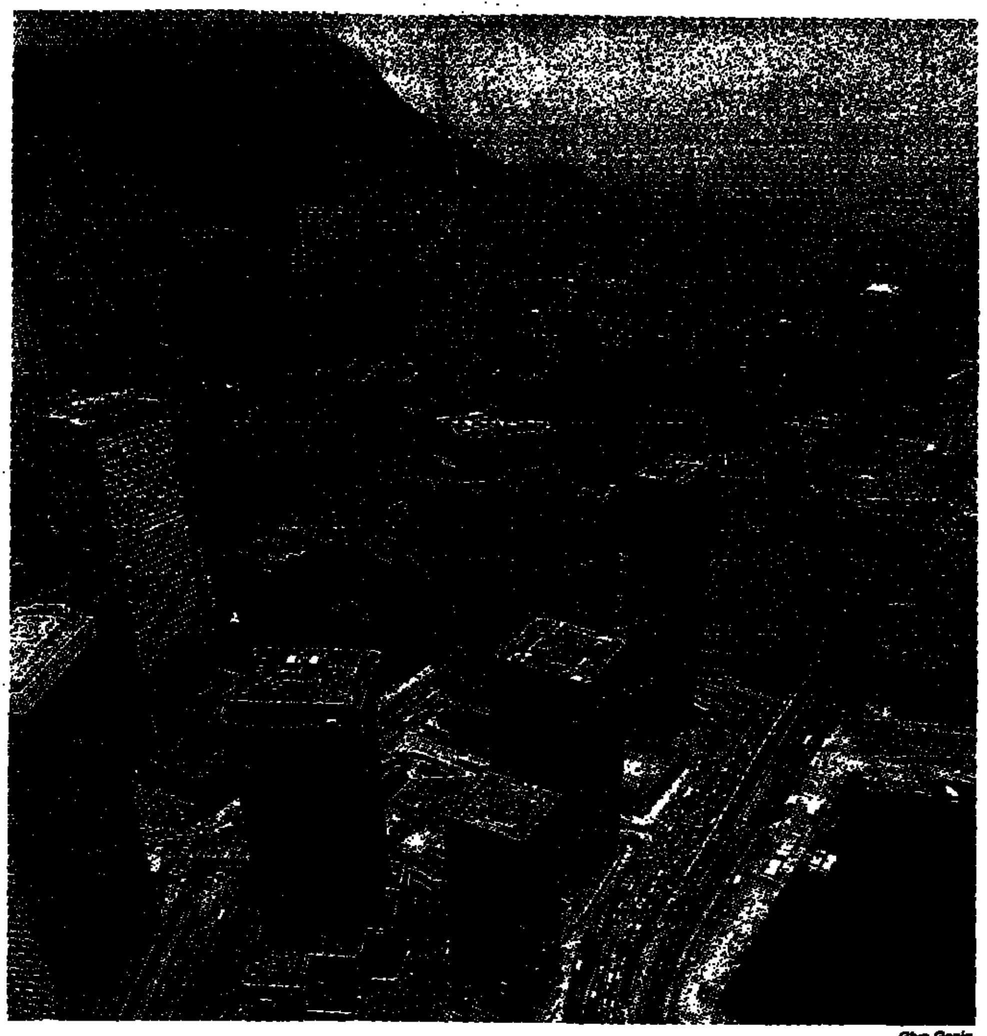
Working out how to assess a Hong Kong weighting is difficult enough, as differing accounting standards, combined with restrictions on foreign investment, make it very hard to compare the size of the different Pacific markets.

Bruce Seton, Hong Kong manager with Gartmore, says that in market capitalisation Hong Kong should take about 57 per cent of the Pacific Basin market. But doubts about the best way to measure this mean that Gartmore treats 50 per cent as a "neutral" weighting for Hong Kong – almost exactly its present level.

Sun Life's Pacific fund has a 49 per cent weighting in Hong Kong, compared with a projected weighting of 36 per cent when it was launched. Fidelity's Far East Excluding Japan fund now has a weighting of 48 per cent in Hong Kong and Lee says he expects the weighting to be lower six months from now. Thus, Far East Excluding Japan funds are arguably the most prudent way to buy exposure to Hong Kong.

If, however, you are convinced about long-term Chinese economic reform, you could try a Hong Kong unit trust. There are five – from Gartmore, Commercial Union, INVESCO, Providence Capitol and James Capel – and they are the top performers of all unit trusts over the past year, having logged rises varying from Gartmore's 93.8 per cent to Capel's 37.5 per cent.

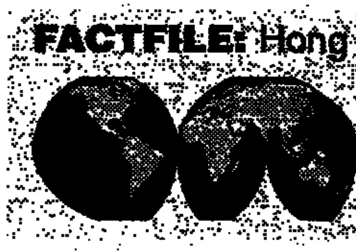
These funds are definitely not for the risk-averse. But Chris Mitchell, of CU, tells why they might appeal. "I think the full potential of China is greatly under-estimated. About 35 per cent of dollars earned are just being saved in southern China at present because they have nothing to spend it on. But the spending power is very like Japan."



Glyn Genin

Hong Kong . . . riding high now, but will the boom continue as the Chinese takeover nears?

FACTFILE: Hong Kong



Population 1991:	5.9m
Gross Domestic Product 1991:	£46bn
Market Capitalisation:	£65.415bn
Inflation Rate, April 1992:	8.9 per cent
Interest Rate, June 10 1992 (3 month interbank):	3.56 percent
Exchange Rate, June 10 1992:	£1 = HK$ 14.16

BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£1,000	10.40%	Yly
Cheltenham & Gloucester BS	London Share A/C	0800 717505	Instant	£2,500	10.40%	Yly
Bristol & West BS	Balmoral A/C	031 225 3557	Instant	£25,000	10.90%	Yly
Chelsea BS	Premier A/C III	0800 272505	30.9.94	£10,000	11.75#	Yly
Cheltenham & Gloucester BS	Golden Term Share	0800 717505	4 Year	£25,000	12.25♣	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	12.68%	Yly
National-Counties BS		0372 742211	5 Year	£3,000	12.00%	Yly
Exeter Bank		0392 50635	5 Year	£250	11.25%	Qly
West Bromwich BS		021 525 7070	5 Year	£150	11.60%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	9.50%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.40%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£5,000	9.75%	Yly
				£10,000	10.00%	Yly
				£25,000	10.50%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich (Guernsey) Ltd	Intl Gross	0481 715735	Instant	£500	9.50%	Yly
Yorkshire Guernsey BS	Key Ninety	0481 719888	90 Day	£50,000	10.75%	Yly
Yorkshire Guernsey BS	Key Term Share	0481 719888	31.8.93	£10,000	11.00♠	OM
				£25,000	11.25♠	OM
				£50,000	11.75♠	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	8.35%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.30%	Yly
Prosperity Life FN		0800 521546	3 Year	£15,000	8.35%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.25%	Yly
Aetna FN		0800 010575	5 Year	£50,000	8.40%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	8.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	9.25% wef 18.6.92					
	Capital Bonds D		5 Year	£100	10.75F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. # = Rate fixed until 1.10.92. ♣ = Rate fixed until 1.8.92. ♠ Rate fixed until 31.8.92. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

FINANCE AND THE FAMILY

Diary of a Private Investor

Keep that junk mail pouring in

"DEAR Mr Goldstein-Jackson, You have been elected a nominee *for* a rare honour. *I am* delighted to be the one to congratulate you on your nomination election for the *MOST* ADMIRED MAN OF THE DECADE."

Thus began a letter I recently received from the American Biographical Institute, based in Raleigh, North Carolina, which pointed out *that "to be 'most admired' is* one of the highest accolades given to an individual".

I had been nominated for the award "following a vote by inter-continental representatives" of the Institute's Board of International Research who had selected a "small number of men" for their "influence, fame or ideas that have had *visible impact on professions* and communities".

Unfortunately, my nomination had an expiry date of June 12 and to "certify" my election I would have pay $195 (£107) as a "contribution fee towards all *crafting processes*" in producing a *proclamation* "done in two striking ink colours" plus "hand *lettering*" by a "scribe". *For $250* I could have, instead, a proclamation "custom laminated on to Finland birchwood".

I decided not to accept this "rare" *honour in the hope that* someone might nominate me for a "columnist of the year" award, or maybe even a knighthood or a CBE instead.

The institute's letter was just one of the *many* unsolicited junk mail offerings which pour *through my letter-box every* week.

As a private investor who has subscribed to Business Expansion Schemes, bought privatisation-issued shares, holds a number of credit cards and owns a number of insur*ance policies, as well as being* a donor to charity, I appear to be on a considerable number of mailing lists.

Somewhat surprisingly, I find much of the junk mail quite entertaining – even the numerous issues from Reader's *Digest* inviting me to participate in various prize draws.

However, it is the financial *junk mail that fascinates me* the most. Companies still seem to be falling over themselves to lend money to my family.

My wife has been offered "up to £10,000 to spend as you wish" by RAC personal loans, which offered her a "free £30 bonus" if she took out a loan. As an RAC member she "automatically qualified" for "com*petitive terms*".

But why would she (or anyone else, for that matter) want to borrow from the RAC at an APR of 29.9 per cent for a loan of up to £2,500 and 27.9 per cent for loans over £2,500 when they can probably get, say, an unsecured loan of £10,000 from Barclays Bank for 23.4 per cent APR? Or – better still, depend*ing on individual* circumstances – pay actual interest

*The postman always knocks twice for **Kevin Goldstein-Jackson***

of 12.7 per cent by increasing their mortgage with a homeowner loan from Barclays? Why pay high interest rates to *lenders which have to charge* such rates partly because of their high number of defaulters?

Other banks and institutions offer a wide variety of low-cost loans such as Lloyds Gold Service at 15.3 per cent APR. It *obviously pays to shop around* rather than respond immediately to "competitive terms" through the mail.

One of the benefits of all the financial regulatory organisations is the increased amount of information which approved *organisations* have *to* give potential clients. However, they differ widely on how they present certain information.

For example, I recently received in the post details of the Norwich Union Supersaver with profits savings plan. This *offered "automatic acceptance* for a big cash payout", without the need for a medical and *offered a variety of free gifts* – ranging from a matching three-piece luggage set to a radio alarm clock.

Norwich Union provided a clearly set out table illustrating the effects of early surrender for a variety of age groups and monthly premiums.

Some companies are less clear. My wife received a mail*shot from Bristol and West* about a 10-year endowment savings plan with Eagle Star. The surrender examples were only for males aged 35 and 45 and paying £15 per month or £50 a month. The cash amount of surrender value was given, but not the total paid in premiums.

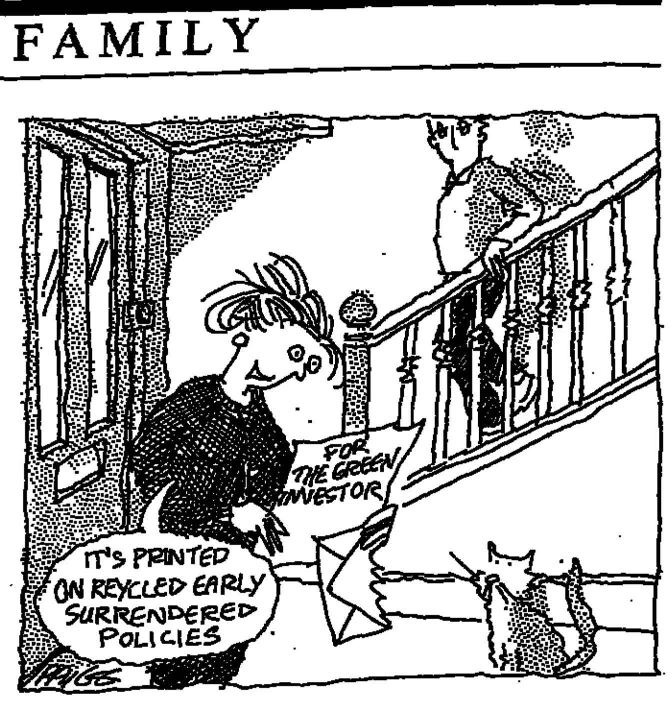
For example, it stated that a man aged 35 paying £50 per month would possibly receive £3,310 if he surrendered the policy at the end of year five. The reader had to calculate himself how much he would have paid in premiums by that time (£3,000).

Friends Provident, in a recent mailing, offered a 10-year Maxima Savings Plan, and gave just three examples of ages (males aged 25, 40 and 65) and only one example of contributions (an initial £10 per month) but at least stated *the total amount of* contributions paid by surrender date.

Far too many people are still taking out long-term policies and then finding they either cannot continue with the monthly payments or, perhaps, are persuaded by certain *"advisers" to cash in their poli*cies in favour of another company's product.

In some cases this may well be justified by the better financial performance of the new company, but in others it may just be the result of an *"adviser" wanting to gain* lucrative commission.

Perhaps the "surrender value" statements for insurance companies should be prefaced by a statement, similar to that required for cigarette advertisements, *stating*: "IF *YOU STOP YOUR POLICY* EARLY YOU COULD LOSE LOTS OF YOUR MONEY."



Personal Equity Plan managers are another source of large amounts of junk mail. Sometimes I wonder why people who only make capital gains from shares of a few thousand pounds a year – well within their tax-free capital gains *allowances* – bother *to* take out Peps when, if they had invested such modest sums directly in shares instead they would have achieved tax-free capital gains anyway.

True, within a Pep, the dividends are not subject to *tax, providing they remain for* investment purposes within the plan, but much of this income *will be eaten up by the* plan's management fee.

One area of financial mailshots that I feel ought to be encouraged is promotion of individual companies for investment. I have already received three separate letters from Wellcome concerning its forthcoming offer of shares. It would be nice to receive details of other individual companies which want to increase the numbers of their private shareholders.

It ought to be possible for a company to write to me even when it is not having a share offer, pointing out its track record and financial prospects and encouraging me to contact my stockbroker or other suitable adviser to seek advice on buying its shares.

If you want to increase the amount of junk mail you receive, you can request a form from *the Mailing Preference* Service, Freepost 22, London W1E 7EZ and indicate on that form their special interests: financial, sporting, home and leisure, and so on. The service has around 10,000 names on file of people who have asked to receive more junk mail.

If you want to receive less junk mail, write to the same address to request its members to remove your name from their mailing lists. *Last year*, about 95,000 people made such a request but I shall continue to look forward to the post.

'Endowment trust' launch

IF YOU thought you had seen the most complicated product the financial services industry had to offer, prepare to be amazed.

Next month, Kleinwort Ben*son will launch an investment* trust which invests in second-hand with-profits endowment policies. It aims to compete with zero-dividend investment trust preference shares.

Confused? You need not be.

The Kleinwort Endowment Policy Trust (Kept) should do a simple job for investors – over 11 years it should deliver a solid capital gain. It is not planning to pay any dividends. *No income tax is payable, so it* will appeal, like zeros, to top-rate taxpayers who pay no capital gains tax.

The trust's fund will invest only in second-hand endowment policies (Sheps), together with some cash. The supply of *Sheps comes, in particular,* from distressed homeowners who give up on the endowments they were using to pay the mortgage – KB estimates the policies surrendered each year amount to £1bn.

If homeowners "surrender" *their* policy *to the life office*, they receive a paltry sum compared with the value which has already accrued. This opens the way to make a market – distressed policyholders can get a better rate from a marketmaker, who makes a profit *by selling the* policy to someone else, who pays the remaining premiums and receives the maturity value.

The market has grown, boosted by wider awareness of Sheps' possibilities.

But it is hard to find a Shep *for the price you want to* pay, and valuation requires actuarial formulae which few can take on unaided. Hence the demand for a collective fund. Endowments are long-term and illiquid, so an open-ended fund, such as a unit trust, seems unworkable. Investment trusts are preferable.

KB's trust will have an 11-year *life. It aims to* buy *its* endowments during its first year and to use some cash from the launch to pay premiums on the policies until the end of year two. From then on, premiums from the remaining policies will be paid for out of the proceeds of endowments as they mature within the fund.

The Sheps will mature in the trust's final year, *and the capi*tal will be distributed to shareholders. It has the simplicity of a *unitised fund, combined* with all the reassuring qualities of with-profits investment.

So *could* things go wrong?

With-profits policies cannot go down in value. Instead, "reversionary" bonuses – which once awarded cannot be taken away – are added each year together with a terminal bonus when the policy matures.

But they are not risk-free. The amount of bonuses added can be reduced, *so the* policy can do worse than expected.

Bonuses are under severe pressure and 1992 has seen sweeping cuts for short term policies, although 25-year policies have been less affected.

Kept hopes to avoid some of *these problems by investing in* the large long-term policies which are least popular with private investors. It also has a deal with Surrenda-Link, a marketmaker, which it hopes will ensure that it can buy policies at healthy discounts.

But low inflation and low interest rates will put further pressure on bonuses. KB says that if both reversionary and terminal bonuses fall 20 per *cent over the next 11 years* then the gross redemption yield (the growth received each year over the life of the trust) will be 10.2 per cent. Greater bonus cuts would mean a lower yield.

Then there is the discount *risk.* The underlying portfolio is secure, but the value you receive if you sell your shares within the 11 years is determined by market forces.

Kleinwort *says the shares* can be regarded as zeros, most of which now actually trade at a premium, but analysts seem unhappy to go this far. Nigel Sidebottom, of Gerrard Vivian Gray, calls Kept a "quasi-zero", because it lacks the cover of a *zero, but is less risky than* most equity investments. Other analysts concur.

That, hopefully, will mean that the shares do not sink to a discount, but the risk is still there. Doubts also remain about the market for Sheps, where demand *far outstrips* supply. The advent of a big new buyer can only exacerbate *this*. However, the ingenuity of this genuinely innovative product cannot be faulted. The full prospectus will be available in July.

John Authers

Directors' Transactions

New name pays a dividend

SHARES in Transfer Technology, formerly called Central and Sheerwood, are rediscovering territory last charted in 1987 when they hit the equivalent of £11.

In May the company announced a 1 for 2 rights issue to raise £24m, part of which is to be used to fund three acquisitions.

Geoffrey Robinson, the chairman and largest shareholder on the board, sold 1.57m nil paid shares at an 80p premium. That figure represents his entire rights entitlement.

Neil Logue, finance director, sold 70,000 ordinary ex-right shares together with a further 35,000 of the nil paid, leaving *him with 9,800 ordinary shares.*

Richard Chalcraft, chief executive of the regional housebuilder, Edmond Holdings, has been selling more stock. A total of 600,000 shares were disposed of at prices between 43p and 43.5p. Since the announcement of final results in March, Chalcraft has sold a total of 1.25m shares, reducing his holding to just over 7m.

Lord Macfarlane, chairman of the eponymous Scottish packaging company, sold 250,000 shares at 191.5p – the first shares he has sold for some time.

At Enterprise Computer Holdings, the arrival of four new faces on the board coincided with three of them buying shares.

The buyers include the new chairman and the new chief executive. Robert Evans has left the company, but not before making significant *profits on the shares he bought* last year at prices between 8p and 15p.

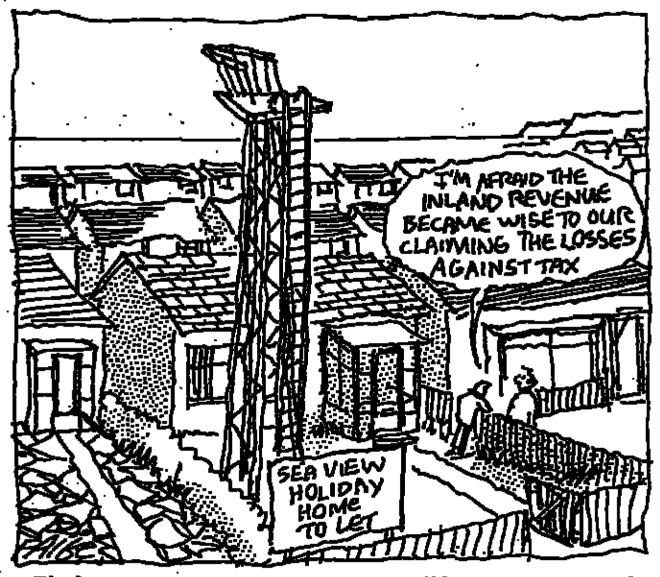
Angus MacDonald
Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Barcom (Nil pd)	C&C	420,000	67	2
Castle Mill Intl	Text	666,666	33	1
Dewhirst	Elec	202,781	86	1
Edmond Holdings	C&C	675,000	292	2
Faber Prest	Misc	45,000	137	1
Guinness	Brew	35,478	215	1*
M & C	OFin	10,000	64	1
MacFarlane Group	PP&P	250,000	479	1
Macro 4	Elns	74,126	350	1*
Perkins Foods	FdM	123,000	133	1
Plastiseal	Bild	106,428	37	1
PWS Holdings	InsB	110,000	55	1
Reckitt & Coleman	Hlth	5,400	35	1
Rolfe & Nolan	BusS	125,000	275	1
Sheldon Jones	FdM	250,000	135	1
S'kline Beecham ADR	Hlth	2,000	$168	1*
Trafford Park Est	Prop	185,000	98	1
Trnsf Tech (Nil pd)	EngG	1,609,999	1,288	2
Tranfer Tech (Ord)	EngG	70,000	336	1
Transport Devlp Grp	Tran	80,000	234	2*
Ulster TV	Medi	39,890	77	1
Warner Estates	Prop	23,000	48	1
Warner Howard	Buss	51,600	159	1
PURCHASES				
Bemrose Corporation	PP&P	10,000	23	1
Castle Mill Intl	Text	625,000	31	2
Dewhirst	Elec	75,000	32	1
Ent'prise Comp Hldg	Elns	480,000	168	3
Filofax Group	PP&P	650,000	202	2
Hunterprint Grp	PP&P	260,000	27	2
Queens Moat Houses	Hotl	40,000	36	2
Thorn EMI	Hotl	3,000	25	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 1-5 June 1992.
Source: Directus Ltd, Edinburgh

Taxmen clamp down on holiday lettings



TAX inspectors are clamping down on the generous tax breaks for letting holiday homes. No cases have yet reached court but the scale of the battle is clear.

Several breaks were allowed in an attempt to boost tourism in the 1980s. One allows losses on holiday lets to be offset against the owner's income. But there are a number of strict conditions; for example, the property must be available for commercial letting to the public as holiday accommodation for at least 140 days in a 12-month period, and the letting period must be for at least 70 days.

Losses are incurred easily in a time of high interest rates and recession, but the Inland Revenue does not seem to take this into account when deciding if the letting is "commercial."

Definitions of this term have sometimes been narrowed to the point where some taxpayers were told they were not trading commercially since they did not show a profit in their first year. This meant being stripped of all the benefits of special treatment, including unlimited mortgage interest relief on the property.

Accountant BDO Binder Hamlyn has had a lot of trouble with loss-making holiday lettings, according to personal tax partner Andrew Tappin. He detects a hardening Revenue attitude: "They are saying that if a profit is not made within a couple of years, then, by definition, the business cannot be operating on a commercial basis and, therefore, the special reliefs and rules do not apply. It's against the spirit of the rules."

Tappin has had to argue very strongly with inspectors in several disputes.

And he warns: "It is important to show you have thought about making a go of letting before you started. Lay the groundwork. Have some figures ready showing what rents you think you can get and how many weeks you can let for."

He believes the Revenue's real aim in tightening up is to stop people abusing the rules by borrowing up to the hilt to buy a retirement or second home and taking what lettings they can get with no prospect of getting into profit for five or 10 years.

"The trouble is, it is time-consuming to argue and expensive if you have professional advisers," Tappin says. "The Revenue not infrequently wins the day because the taxpayer just gives up."

At another accountant, Glazers, partner Russell Black said one inspector had defined "commercial" explicitly as "profitable." Black added: "He was really saying you that can't have relief for a loss because you haven't made a profit. If there is a provision for relief of losses, it must be possible for a commercial operation to make a loss."

Black suggested that in the absence of any case law on the subject, much could depend on individual inspectors, although profitability by the second or third year seemed to be considered acceptable.

Accountant Robson Rhodes is arguing with an inspector who has questioned the status of a Suffolk country cottage which has shown losses on holiday letting for the past three years.

"The client has tried to carry on the business with a view to commerciality," said the firm's tax manager, Martin Sands. "The Revenue stance is that the income that could be obtained must have been known at the outset and, because expenditure has exceeded income by a substantial amount, the place could never have been let on a commercial basis."

Sands noted that while the Revenue had been happy to accept the first three years' losses – which it was not seeking to alter – it now was taking a much tougher line. In reply, the firm was putting forward proof that the client was doing his best to trade commercially by cutting back spending on improvements or replacement furniture.

A Revenue spokesman denied there was any special drive against holiday home-owners. He referred to tax law specifying that loss relief in the first four years "shall not be given unless the trade [letting] is carried on a commercial basis and in such a way that the profits . . . can reasonably be expected to be realised in the period (of assessment) or within a reasonable time thereafter." No definition of "reasonable" is supplied.

In later years, he said, relief would not be allowed unless the letting was "on a commercial basis and with a view to the realisation of profits in the trade." He added: "Inspectors would look for a person running a letting as a business to produce commercial projections of the sort they would need if getting a loan to set up a business." Otherwise, he suggested, owners might well be trying to subsidise their own holiday home or use the tax privileges to finance property bought for investment.

As for the recession, he noted: "Inspectors will be aware of the general economic conditions. The law is there, it has not changed, and inspectors need to apply the law as it stands."

Barbara Ellis

Taking control of Father's finances

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

MY FATHER, who is 87 and lives alone, is gradually becoming less able to manage his affairs. He has, for instance, recently sold for a nominal sum various antiques, *including some furniture*, to dealers who made a casual call to his house. He has no record of the transaction, no name or address of the dealer and no means of recovering his property. There are many other examples of his inability to deal with his personal finances and he claims to have lost various sums of cash from his money belt while out shopping.

I believe it is now necessary to supervise his financial affairs. What would need to be done to be done to arrange this? For instance, how would I go about securing a power of attorney?

I also believe that the time is approaching for him to consider a move to supervised accommodation. Who should I contact for information on private and local authority homes and how should I pay for their services?

■ You may need to obtain an Enduring Power of Attorney, if your father is still capable of executing a legal document such as that. You should consult the social services department in his local authority for the information which you require. If you obtain an Enduring Power of Attorney you must see that it is registered as soon as possible.

Executing a will

I AM the executor of a husband's simple will. Everything, including properties in the sole name of the husband, is left to his wife. My responsibility is to transfer all to the wife.

There are three properties which have been occupied by relatives for many years, tax free and rent free.

The wife does not wish to become involved with the two properties. She wants to gift them to the occupants.

After obtaining probate, can I transfer the two properties direct out of the estate under the wife's instructions?

If I can do this:

1) *Should I use the normal transfer form to convey Title?*

2) Would any other documents be required?

3) As a safeguard for myself, what should I ask the wife (sole beneficiary) to sign?

■ You would need to execute an asset, in writing, to the wife and then have her execute a normal transfer to the tenants. It may be wise to ensure that the wife has independent legal advice before she makes a gift in this way to the tenants, so that she may be advised of the financial and tax consequences eg. the liability to inheritance tax, or absorption of part of her nil rate band allowance.

Death duty again

MY FATHER died in 1954 leaving an estate now valued at about £400,000 in a family trust for my sister and me to inherit on the death of our mother. Our mother is still alive and is living as a life tenant from an income of approximately £30,000 per year, although she only draws £12,000 a year of this and the family trust pays her income tax.

Will my sister and I be liable to pay any inheritance tax when out mother dies? Death duty was paid at the time of my father's death.

■ On the death of the life tenant (your mother) inheritance tax will be payable on the value of the settled fund as if she had been the absolute owner of the fund.

The dodgy lodger

IN 1980 I rented my property to a woman. One of the conditions on the signed agreement was: "not to sub-let, take in lodgers as paying guests and to use the flat for residential purposes only". A later signed rent agreement in 1991 said: "not to assign, sub-let or allow any other person to reside in the premises or to take in any lodgers".

In 1988, her 50-year-old son, after his divorce, moved into the flat without my knowledge. When I eventually found out, she assured me that it was only temporary. I have continually told her that she only is the tenant and her son should not be there. He is self-employed and although he keeps his van elsewhere, his business address is the flat, where he does his paper-work and telephoning. The rent is always in arrears. I do not want her son in my property. What are my rights as a landlord? Can I legally move him out now?

■ As the son has now been in the property for some three or four years you may have difficulty in enforcing the strict provisions of the letting agreement: it can be argued *that you have waived the* apparent breach of covenant. You will need to give the tenant notice to restore the position. This is a complex area of the law and you would be wise to consult a solicitor.

Interesting request

ON LEAVING, one of my furnished tenants is not only claiming the return of the deposit but also interest thereon. There is no mention of interest being paid in the agreement. Can he claim it?

■ The claim for interest is not justified by law.

PERSPECTIVES

The Hess secrets remain locked away

***David Marsh** on questions new disclosures do not answer*

THE TWO men arrived at 1 pm on June 9 1941 to interview the prisoner in Mytchett Place, a gloomy red-brick Victorian mansion near Aldershot. The tall bushy-browed German, recently flown in from Augsburg, had been nervous and depressed lately. Dressed carefully in his Luftwaffe uniform, he said he was pleased to receive his visitors. "I know that my arrival has not been properly understood by anyone," he said.

The prisoner was Rudolf Hess, the deputy Führer of Nazi Germany. He had parachuted out near the Duke of Hamilton's estate in Scotland a month earlier from a Messerschmitt-110. He hoped to convince Britain to make peace, leaving Hitler a free hand on the continent. After several years of sliding from favour within the Nazi hierarchy, Hess wanted to show the Führer that he was still a man to be reckoned with. Hess was on the way to making history, but not along the route he had in mind. The deputy Führer's road from Renfrewshire led not, as he had hoped, to Buckingham Palace and an audience with the King, but to four decades of incarceration in Spandau fortress in Berlin, where he died in 1987.

Hess's visitors in June 1941 were Sir John Simon, the Lord Chancellor, and Ivone Kirkpatrick, a German expert attached to the political warfare executive, who knew Hess from service in Britain's Berlin embassy before the war. Simon, who had supported appeasement as foreign secretary in the mid-1930s, had been chosen by Churchill to quiz Hess sympathetically. The transcript of the rambling 2¼ hour session, released by the Foreign Office on Wednesday as part of a belated Whitehall effort to reduce secrecy over the Hess case, shows that Simon was – if nothing else – sympathetic. On page 43 of the transcript, Simon tells Hess politely that he had been waiting for two hours for Hess to tell him the reasons for his mission "and I haven't heard a word about it yet."

Simon's lack of thrust as an interrogator was matched only by Hess's inability to come to the point. Kirkpatrick, who had already had three somewhat tiresome interviews with Hess, recorded that the event had been a "Mad Hatter's tea party".

Eventually, Hess spelled out his peace offer – "Germany's sphere of interest is Europe; England's sphere of interest is her Empire".

The next day, Simon wrote up for Churchill the result of his meeting on House of Lords notepaper. Hess "does not, apparently, know anything of strategic plans," Simon concluded, but his arrival might show that Germany was more "uneasy" about a long war than Hess himself had tried to pretend. Five days after the interview, Hess attempted to commit suicide, or at least, to draw attention to himself, by throwing himself down the Mytchett Place stairs in the middle of the night.

The account of the Simon interview may have titillated news editors. But, along with most of the other 900 pages of "new" Hess papers, it added nothing to previous analysis of the reasons for Hess's

> *"Eventually, Hess spelled out his peace offer: 'Germany's sphere of interest is Europe; England's sphere is her Empire'"*

flight. The only novelties were four pages of Hess farewell letters to his family and Hitler, written on the eve of his apparent suicide attempt, and some hand-written Hess annotations clearing up points in the Simon interview. Nearly everything else had been published before.

The transcript of the Simon and Kirkpatrick interview was quoted in court by Hess's defence at the Nuremberg tribunal in 1946, and was published with the trial documents. The full Simon papers have all been available at the Bodleian library in Oxford for more than a decade. The Foreign Office's closed files on Hess have intrigued historians, sleuths and conspiracy theorists for years. It is now apparent that a great deal could have been laid bare far earlier without any conceivable harm to British interests.

The most interesting point about this week's publication was what was not published. A number of questions remain: Was Hess lured to Britain through an MI6 decoy mission, boosting his credulous belief that he would be received by the King and allowed to make peace over Churchill's head? Did British establishment figures compromise themselves by extending peace feelers towards Germany in the months before his arrival? Did Hess give his interrogators details of Operation Barbarossa, the forthcoming German attack on the Soviet Union, of which Churchill already had forewarning through decrypts of the German Enigma ciphers? Did Hess come with either the blessing or the knowledge of Hitler? And was there anything in the conundrum of May 1941 which might have led to British agents killing Hess in his cell in Spandau in 1987, as his family and some German right-wingers claim?

Andrew Roberts, a historian who probed the Hess saga in *The Holy Fox*, his recent biography of Chamberlain's foreign secretary, Lord Halifax, believes that the answer to all the above questions is probably "No." But he says of this week's publication: "This is by no means the end of the affair".

Some details may come to light in further Foreign Office files – a 1 ft high stack of documents – due to be released during the next few weeks. Two files on contemporary contacts between Germany and Spain are, for instance, still being held back. These may include references to Britain's ambassador to Madrid, Sir Samuel Hoare, thought to have played a part in encouraging Berlin's hopes of peace with England. But the full story of any MI6 deception, along with the record of Hess's 1941 debriefings by intelligence officers, are presumably still buried in separate, unpublished MI6 files. A letter brought by Hess for the Duke of Hamilton, a blue-blooded RAF officer and former Conservative MP, who was the first person formally to interview him after his landing, has still not come to light. Neither have details of previous correspondence to Hamilton from Albrecht Haushofer, a well-connected Hess friend and Anglophile official from Berlin. Hamilton refers, intriguingly, to an earlier letter from Haushofer in a report on his interview with Hess released as part of this week's documents.

There are other missing links too. A full transcript of Kirkpatrick's interviews with Hess is not available, although his summaries were

Deputy Führer Rudolf Hess addresses a Nazi gathering in 1937

released this week. (Kirkpatrick had already written his account in a book published in 1959.) There is no account of an apparent briefing with Hess by Desmond Morton, Churchill's intelligence aide. In October 1941 Morton told a US military intelligence chief that Hess gave warning of Hitler's June 22 attack on the Soviet Union. This may have been a piece of disinformation by Morton, but, according to John Costello, the author who revealed the story last year, "Morton wasn't making this up."

The notion that Hitler knew about Hess's mission seems unlikely. Hess's son, Wolf-Rüdiger, a businessman living near Munich, contends that Hess was acting with Hitler's backing, and that both had agreed – in case the peace initiative misfired – never to reveal the Führer's approval. This is far-fetched. Simon wrote in his report to Churchill that Hess was "trying to reproduce things Hitler has said to him about conditions of peace which would satisfy Germany," and that seems to have been the limit of the two men's compliance.

Wolf-Rüdiger's *idee fixe* – the subject of a best-selling book in Germany since his father's death – is that Hess was murdered by the British to prevent him spilling secrets once he was released from Spandau. But on the evidence, this melancholy and confused man would not have had many secrets to impart.

A postscript comes from Sir Frank Roberts, a former British ambassador to Bonn, who visited Hess in Spandau and was a Foreign Office official during the war. Sir Frank said this week that Hess came to Scotland because he was "at a loose end . . . He had nothing to do with the running of the war." During his time in Spandau – and perhaps before – Hess "cast himself in the role of a martyr." He lived to be a victim and, Sir Frank adds with Foreign Office malice, "If he had been released, he would probably have died the next day."

As they say in Europe/**James Morgan**

Small crisis, no one hurt

IT WAS a week of unhappy marriages, uncaring spouses and old hatreds rekindled. There was the familiar tale of the ignored junior partner making the kind of fuss that sells newspapers. The Slovaks for years have complained about their richer Czech brethren and last weekend voted for separation, at least.

Headlines trumpeted the imminent end of the Czechoslovak state, but crises in that country often mean a good deal less than meets the eye. It was, after all, a "massacre" in which nobody got killed that sparked off the "velvet revolution" in which nobody got killed that led to the restoration of democracy and the present difficulties.

Slovak editorials after the electoral triumph of the separatists did notcelebrate the demise of the federal state. *Narodna Obroda* had the headline: "Keep to the constitution." This stirring call to arms was followed by a typical outburst of frenzied nationalism: "In the interests of Slovakia, it would be useful if the policy of the [victorious] HZDS party were based on a positive position. Ability to understand the political implications should be the main criterion for party leader Meciar when it comes to the settlement of the key question of relations between Czechs and Slovaks."

Attention to boring minutiae is a key characteristic of Czechoslovakia. When the communists were in control, there was an enormously popular radio show where listeners answered abstruse questions relating to the law in spite of its irrelevance under that political system.

My view that the state will hold together, because the negotiations on how to split it up will last forever, is not shared widely. But, in this part of the world, history hangs like a storm cloud over everything.

Outside Germany, nobody reported the traditional Whit Monday event there: the Day of the Expellees. Every year, the victims and their descendants gather to mourn the day of expulsion from the Czech Sudetenland in 1945. The Sudeten Germans had welcomed Hitler's incorporation of the territory into the Reich in 1938 which is why, even in Germany, their plight evokes little sympathy.

Germany and Czechoslovakia have signed a treaty designed to heal the wounds of the past and maintain the status quo, which is the last thing the expellees want. At their rally, the premier of Bavaria, Max Streibl, said his *Land* would not support the treaty which accepts the expulsion as legal. It was, in fact, fairly horrible as Czech feelings were running high at the time. Streibl was accompanied by the federal finance minister, Theo Waigel. The expellees believe they deserve compensation, even the return of their old homes.

The tone of this year's rally was not enhanced by attempts to improve relations between Germany and Czechoslovakia. Fifty participants left the hall when one speaker said that not only the expulsion, but also the horrors of the Nazis, had to be recalled.

The *Süddeutsche Zeitung*, of Munich, said: "The CSU politicians Streibl and Waigel have rendered a disservice in their dismissive statements about the treaty text which they regard as incomplete. They attack the government for having made a mess of it, and accuse Prague of refusing to make a full reassessment of the past. In the same breath, Streibl said he wanted good relations with Czechoslovakia. But how can anybody trust such a statement when relations are damaged by such Whitsun speeches?"

Neue Zeit, of Berlin, remarked that it was lucky Streibl had not spoken before the Czechoslovak elections when he would have given the "left-nationalists a few more votes." That would be true in the Czech lands; no German harbours resentment of the Slovaks, and vice versa, which could be important one day. All this shows that no matter where it arises in Europe, any problem is automatically a German problem.

But all is quiet on the western front. Page one of *Le Parisien* on Monday carried the headline: "It's new: The English love us." The main evidence for what was meant to be a shock-horror story was that *The Times* was running a promotion offering readers cut-price French holidays and has tried to impress on the British the delights not only of France, but also of the French!

By Wednesday, *Le Parisien* was apologising to the Queen on her official visit – describing her programme as *"L'ennui distingué."*

■ *James Morgan is economics correspondent of BBC World Service.*

Minding Your Own Business

Frivolity with discipline

THE emphasis that Emma Hope puts on discipline makes you wonder whether by nature she is as whimsical as her shoes. But it has probably been her saviour during the recession which has sent so many small businesses to the wall.

Having started out with an order for 50 pairs of shoes in 1984, the 29-year-old designer now sells about 7,000 pairs a year and her annual turnover ranges between £400,000 and £500,000.

To cope with the rapid expansion of her business, she has employed a management consultant who comes in once a month to help her with the accounts and stock control. "Having someone to come in is a discipline," Emma says.

Increasingly difficult trading conditions have taught her to keep her eye firmly on the business's bank balance.

"I always know how much money is in the bank," she says. "After all, if you are not making a profit, you might as well do something else."

The recession has instilled a healthy dose of caution in her. She will not cut an order for shoes until she has received a deposit of 50 per cent of its value, and she spends a large amount of her time getting references about clients and chasing up confirmations on orders. Other precautionary measures include keeping overheads as low as possible, not over-borrowing ("It's terribly easy to get a loan but so difficult to pay it back") and making costings as high as possible.

But discipline would be a waste of time if it were not for the desirability of Emma's shoes, for which women and men are willing to pay an average £120-£130 a pair.

What makes her shoes for women so instantly recognisable are their flattering, elongated line, the sculpted, Elizabethan look, and the attention to detail. In her shop you can see purple velvet, embroidered pumps, paillette-strewn court shoes in red, black and white, and black, high-heeled shoes enlivened with a thick diamenté strap across the front. Her shoes for men are carefully welted and look as if they would last forever.

Emma has carved a profitable niche for herself in the bridal shoe market. She has

Reflections on success: Emma Hope and some of her shoes

created 15 styles – ranging from ivory silk shoes with roses in peach silk to pumps embroidered with pearl beads – which roll over year after year. "Most women are only brides once, and they are not so conscious of the price," she explains. She sells about 2,000 pairs of bridal shoes a year.

Emma learnt shoe-making at the Cordwainers College in London. She has never had much trouble in drumming up business but she has had "the most awful disasters" in manufacturing the shoes.

Initially, she had to rely on one factory to cut the leather for the shoes, one to sew them, and so on. "It was all very stressful," she recalls. Four years ago, though, she found a small factory run by Greeks in the East End of London where the shoes are made by hand. "The quality is a lot better because they are responsible for the whole product," Emma says.

The downside is that she has to be really organised in getting all the components together – most of them come from Italy – and in chasing up orders.

The cost of making a shoe is half labour and half materials. But on top of that are other costs, such as shop staff, which come to about £45,000 a year. Travelling to and attending trade fairs also is expensive and costs about £15,000 a year. Emma designs two collections annually which she shows at London's Olympia, Düsseldorf and New York.

Wholesale accounts for a large amount of Emma's business. Of her total yearly production, 5,000 pairs are sold that way, half of them exported to the US, Japan, Germany and Scandinavia. Her shoes are stocked by Harrods and small boutiques in London as well as Barneys and Bergdorf Goodman, the New York department stores.

Having her own shop has proved invaluable in spite of it being tucked away in a quiet street in Islington, north London. The rent is much lower than fashionable locations such as South Molton Street in the West End, and it has enabled Emma to learn about all aspects of retailing from display to stock control and credit card transactions.

"You also find out what sells and what doesn't," she says, thanks to the feedback from customers who come to the shop – something she gets rarely from her wholesale clients. She is looking for a partner to finance a shop in central London for which she would supply the shoes.

With the factory in the East End running at full capacity, Emma is looking to expand production of women's shoes in Italy. She has embarked on a licencing agreement for men's shoes with a factory in Northampton, under which she will be responsible for design but the factory will produce the shoes under her label and send them straight to clients.

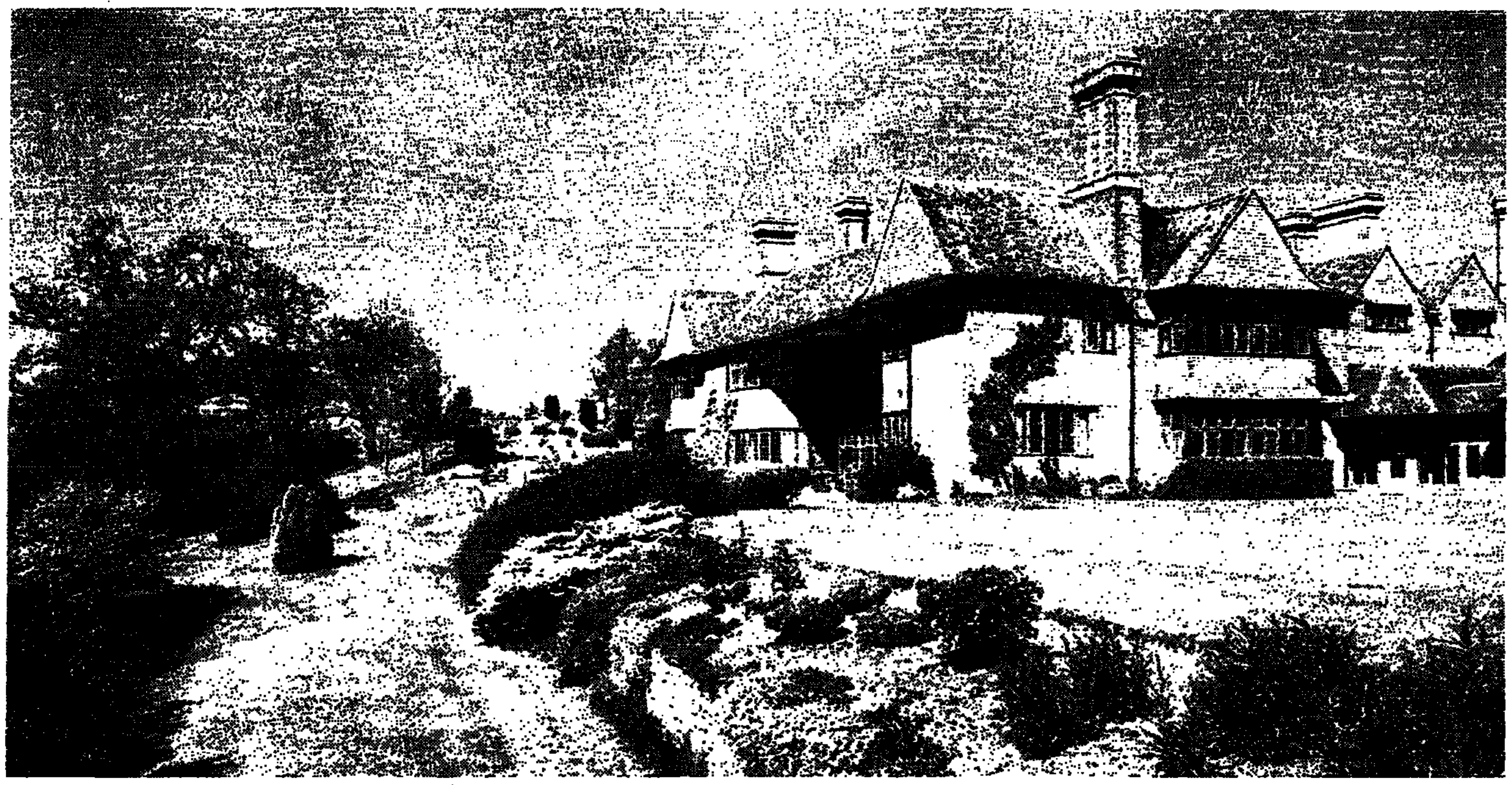
Emma also plans to expand into leather goods, a natural progression from shoes. She already has some great ideas for handbags – the sort that you can fit A4 paper into and designed so that pens don't get lost at the bottom – but she will not give away more than that.

■ *Emma Hope's Shoes, 33 Amwell Street, London EC1R 1UR. Tel: 071-833-2367*

Antonia Sharpe

PROPERTY

High premium for a Jekyll gem



TUCKED AWAY at the bottom of most estate agents' particulars is a reference to "pleasant landscaped gardens", or "well-stocked borders". Many indeed are the horticultural howlers — "rhododendrums" and "hydranjers" are not uncommon; as for the ginkgo tree, few can recognise it, let alone spell it. Horticulture dictionaries are about as common as unicorns in most property sales offices.

However, the garden is the frame of the house and often, if it is well presented, it can catch the eye of a potential buyer. Where it is of exceptional merit or historic interest it may be listed, in the same way as important houses. And if it is one of the gems designed by Gertrude Jekyll, it will certainly enjoy the protection of the law.

Jekyll, the myopic old lady whom Sir Edwin Lutyens referred to as "Bumps", was a genius of the garden; she could recognise a tree by the sound of the leaves in the breeze. With Lutyens she formed an architectural/horticultural team that may never be matched.

One of the finest examples of their collaboration is Fulbrook, high on the brow of a hill a few miles from Farnham, with distant southerly views over Sussex. The house was built in 1896 for Mrs Gerard Streatfield, in whose family it stayed for nearly 70 years.

The 21-acre grounds include a fine terraced western hillside designed by Jekyll; the dry stone walls are planted with sedums and campanulas. There is also a trout lake, which the old lady would probably have liked; and a helipad and floodlit tennis court, which she probably would not.

The house has 11 bedrooms plus an indoor swimming pool and billiards room. It cost £10,000 to build nearly 100 years ago; the price now suggested by Hamptons is "in excess of £2.5m".

David Hoppit

Developers target golden oldies

*But don't call them that: these days, if you're retired or getting close, then you're in the third age, reports **Michael Hanson***

Peter Edmondson . . . "we have survived by diversification"

YOUTH, middle age – and then what? Not old age, but the marketing people's latest euphemism: third age. At least, that is what Commercial Union is calling it.

Those who think that getting old brings health and financial problems may be surprised that CU sees the third age as "the age of independence and contentment. The age of living. The age of doing all the things you've never had time to do."

With 9m retired people in Britain and nearly 12m in the pre-retirement stage of 45-plus, this is the fastest-growing sector of the population. As far as CU salesmen are concerned, the retired and pre-retired are big spenders on financial and health-related products.

So, after two years' research, CU has launched its Third Age Initiative, with new insurance policies for "well-being," "health-wise" and the intriguingly named "life-plus," which does not actually guarantee resurrection but does provide long-term care as well as life cover.

CU, which owns 49.9 per cent of Haven Services – the company that manages retirement developments for Anglia Secure Homes (in which CU also has a 12.2 per cent stake) – also is backing Anglia in a new venture to develop nursing homes for regional health authorities.

Anglia has set up a joint-venture company, Haven Healthcare, with Nash Sells & Partners, to provide three nursing homes for North-East Essex Health Authority at Clacton, Colchester and Halstead, and others at Wokingham, Reading and Maldon. Talks are also being held with other health authorities, and another six 50-bed nursing homes are likely to be built over the next four-five years.

Haven Healthcare will provide and operate these homes, and the health authorities have contracted to take at least 70 per cent of the beds at £300-400 a week for each resident for at least five years. "There is far less risk in this than in developing sheltered housing," says Peter Edmondson, chairman of Anglia. (Its annual report, due out next week, will show pre-tax losses of £16.9m for the year to September 30 1991, in which sales fell from 443 to 293 units).

"If we had done nothing but build sheltered housing for the past three years, I don't think we would be here now. We have survived by diversification, by developing our service and care side."

Haven Services is now providing care services and products to more than 5,000 residents in about 100 developments (including those of other companies). These include home helps for cleaning, washing, cooking and other tasks; meals on wheels; lifeline emergency telephones linked to a monitoring centre; and home carers for the infirm.

Anglia is now looking to develop more care centres on the lines of its Little Holland Hall near Clacton, Essex, where conventional sheltered housing is developed alongside close-care accommodation and a nursing home, enabling the elderly to lead independent lives in their own home within a caring community for as long as they can.

After two disastrous financial years, Anglia still has 341 units for sale in 29 English developments, but it has resumed work on the second phase of its schemes at Ferndown in Dorset, King's Lynn in Norfolk, and Hitchin in Hertfordshire. Earlier this year, to take advantage of what he saw as bargains in the sheltered housing field, Edmondson and a group of private investors set up another company, Jaygate, to buy developments from receivers at substantial discounts. So far, Jaygate has bought four schemes – at Bishop's Stortford, Faringdon, Chertsey and Bognor Regis – from the receivers of Sovereign Retirement Properties.

These have been re-branded as Anglia developments, and 78 of the 110 unsold flats have been bought. Jaygate is paying Anglia full professional fees for its sales and marketing services, and it is meeting 75 per cent of Edmondson's £100,000 salary as chairman of Anglia, so the public company makes profits with no risk. "Banks and building societies should talk to us about selling their sheltered housing schemes under our banner instead of appointing receivers," he says.

In fact, Haven Services already has been brought in by Cork Gully, Nationwide Anglia and the Halifax Building Society to act as selling agents for sheltered housing schemes in Essex, Hertfordshire and Bristol. "Receivers do not have the sales and marketing teams to handle sheltered housing schemes," Edmondson adds. "One we are talking to at the moment has sold only eight units on 12 sites in the past two years."

In the worst housing market anyone can remember, Anglia is expecting to sell 200-250 units in this financial year. If the market picks up in the second half of the year, the company could soon find itself without sufficient stock.

COUNTRY PROPERTY

GARDENING

Gardens to Visit

Rocket and rolls at the opera

COSI Fan Tutte: These Things All Women Do ... *according to Mozart*, they flirt stupendously as soon as their fiancés' backs are turned; they have the morals of a butterfly; serving *maids are* even worse, and neither maids nor ladies can resist a compliment. In Mozart's view, all these things happen in the 18th century when fiancés appear to go off to war. *His opera lives in the mind*, but I have just had my idea of it turned upside down.

It has been turned upside down by Glyndebourne. It is more than a *matter of the set and direction*: anything goes nowadays, and I suppose that a Mediterranean liner in Edwardian times is as good a setting as any other if you decide to ignore *Mozart's own intentions*.

It is perhaps bad luck that, this year, the two fiancés look decidedly like the Maxwell brothers in disguise. The upheaval, in my case, went further than the setting: it extended to the modern meaning of the title.

Ladies, perhaps, still have butterfly morals, but at Glyndebourne these are not the Only *Things All* Women Do. So far as I could discover, they do not flirt. Instead, they sit on ground-sheets and swap little bits of salmon on rye bread; after act one, they produce chicken legs in aspic from plastic containers; and they try to stop the icing looking lop-sided on the designer pudding of the week.

Before and after the first act, they dispense a corporate picnic for menfolk and such clients as can be persuaded to leave London in a dinner jacket in mid-afternoon. What *Women Do*, when their husbands have risen high enough in the corporate army, seems to be to hold a sort of Tupperware party for oldies on a grass lawn between rose beds and a herd of Sussex cows.

It is 30 years since anyone last invited me to see this British spectacle. Naturally, there have been changes. In the 1950s, bridge rolls were *still in evidence* and people might be wearing suede shoes under their dinner jackets. In the 1990s, halting French is spoken on picnic rugs to make European clients feel at home. *"Et puis,"* I heard, *"le moteur dans le bateau was en anglais on dit conked out."*

Communications have improved drastically for anyone who regrets leaving home before bedtime. I eavesdropped while a father dialled his son on the cordless telephone to check that he had survived the first day of the common entrance exam, which was designed to waft him on to a public school.

There was also the matter of the garden. Thirty years ago, there was vastly less of it, but it looks as if *there will be even more in another* five years. The mowing is extending ambitiously past the open water and out beside the cow fields; irregular beds have been filled for the *moment with white foxgloves*; music is the focus of the evening

but the garden is not a poor second fiddle, losing its pitch gradually.

It has to be run collectively, and *its upkeep must always influence* change. Individual touches of eccentricity are laborious and inappropriate: it needs to loom elegantly through the evening light while the *picnics are balancing an hour or* two's attention to a high-class score.

Along the terraces, ruby-pink valerian and violet-blue geraniums keep company with quartered roses in old-fashioned *shades* of pink and white. Colours tend to be segregated. The walls of the opera house are a weathered background for fine climbers; no other theatre has such a floral setting for enjoyment between acts.

As I picked my way through the Highland rugs, I admired it, but found it curious. In this difficult year, there are *few* weeds and even fewer flopping roses, but the effect strikes a chord from an earlier era.

Never before have I felt that gardens, too, have age bands. At *Glyndebourne, the colours and* planting suit the profile of the audience: middle-aged, proven performers not deterred when exposing their finery to an evening in the rain. *Perhaps it is the ruby-pinks* and violet-blues, and perhaps it looks quite different in August. Like most of the *ticket-holders, the borders* have roots in the early 1960s: the picture is suited by its frame, corporate Tupperware among pastel planting as the light fades and the cows stay *their distance behind* a wavy fence of Sussex post and rail.

Inside and outside, the sense of period varies. If an ocean liner in a Mozart opera strikes you as rum, there is always *the garden* in the interval to reassure you that your generation still is true to its tone.

Last week, I envied a superb orange-yellow fremontodendron, that wall-climber with rough *leaves* which tend to make admirers sneeze. Up one wing of the opera house, it is out of reach of noses and is flowering as if at home in its native California. At a *lower level*, the winter has been kinder to Glyndebourne's large-leaved erodiums than to mine, all of which have died. The star turn there is the one called pelargonifolium, which has white flowers, dark markings and leaves like a geranium.

By now, the roses round the opera must be looking their best and we could all copy the casual presence of white foxgloves through borders which are starting to make a mark. For my money, however, the star of *the evening* lay elsewhere.

Through many of the borders, the Glyndebourne gardeners have scattered the simple White Sweet Rocket, that wonderful filler for the early June gap. Anyone can grow it from packets of seed, sown outdoors now in order to flower next year.

It flourishes in half-shade, even beneath hedges, where it will reach *a height and width of about* 2 ft. Seedsmen tend to sell mixtures of the purple-and-white varieties, but pure hesperis alba or White Form is the only one you want.

It is no use asking me for ideas about a picnic or how to scrape mayonnaise off a rug. My lesson from the evening is that sowing White Sweet Rocket is one of the things that all of us, male and female, ought to do.

Robin Lane Fox

Lost paradise blooms anew

Arthur Hellyer looks at an ambitious restoration project in Cornwall

THE BRAVEST attempt at garden reclamation being undertaken in Britain must be the Heligan Manor project near Mevagissey, Cornwall.

There was a time when Heligan was one of the most admired gardens in that area. A garden of some kind existed there as early as 1603. By 1735 it had been expanded, and by 1839 the outlines of the present garden largely were complete.

It was to the the map of that year that a team of restorers turned to discover *this pattern and, in particular*, the position of the paths, which were buried beneath 18 in of soil. When they dug where the map indicated the paths should be, they *discovered them virtually intact* – but, before I continue, I must explain how a garden of this importance came to get into this kind of condition.

Heligan always has belonged to the Tremayne family and still is *part of its estate. But no member of* the family has lived in it for years and the house, which is in excellent condition, is let as flats.

I visited Heligan in 1950 when it was let to one tenant who is said to have expected that, because of the *exceptional quality of its rhododendrons*, it would be given the status of a national monument. Nothing of that sort ever happened. The rhododendrons certainly were remarkable but much of the garden was overgrown *already*.

In the mid-1960s, a note in the Royal Horticultural Society's journal said the garden was to be bulldozed and that anyone could take cuttings of surviving *plants. Again*, nothing of the kind happened and the garden simply sank deeper into decay with a vast overgrowth of laurels, brambles and weeds that choked it. It was said that Heligan garden was finished and could never be reclaimed.

Tim Smit had other ideas. He is a *Dutch archaeologist who worked in* the London music publishing market and then transferred his energy to Heligan.

He persuaded some of his friends that his ideas were not entirely mad – and, more important, he also convinced *those with money and influence*, including Cornwall county council, to back him. In March 1991 he acquired a lease of the garden and started work.

This spring, I was able to walk *with Smit around the grounds to* see and photograph his marvellous plants and even to penetrate a little way into a second garden of about equal size, a little distance to the *south in a well-watered valley. In* Edwardian times this was laid out as a Japanese garden, but it is now known as the tropical garden because of its luxuriance and its bamboos, tree ferns and many other sub-tropical plants.

What made Heligan *so special* was that it was one of the first gardens to receive seeds and seedlings from the Joseph Dalton Hooker expedition of 1848-49 to Sikkim and the outskirts of Tibet. Some of the very oldest specimens of rhododendron arboreum are at Heligan, and there is a gigantic bush of R. Cornish Red which measures 82 ft from root to tip.

Growth there is much more luxu*riant than in the Himalayas. I saw* very fine bushes of purple R. niveum and photographed flowers of the original blood-red R. arboreum, now very scarce in cultivation. This is, however, much more than a rhododendron garden and it *is not even of these opulent shrubs* that Smit and his colleagues dream most vividly.

There was – and, surprisingly, still is – a great collection of fine trees and shrubs there, including *camellias* and *some of the original* plants of cornus capitata which once formed an avenue in the main drive but which now are reduced to just a few plants.

Arrangements have been made with a skilled propagator to increase stock of any of the plants still growing at Heligan, and also to raise plants that once were there but have been lost and are to be re-introduced.

Even this is not the end of the dream – in fact, it is only the beginning. Most of all, Smit wants to resurrect the Georgian and Victorian buildings.

These include the ancient glasshouses and the vinery that are among the earliest in England; the melon yard and the pineapple pits; the bee-bole, a shelter in which bee skeps were placed and protected suitably in winter; the old rockeries; *the wishing well and the dipping* pool; the cut flower garden, and a great many other old features.

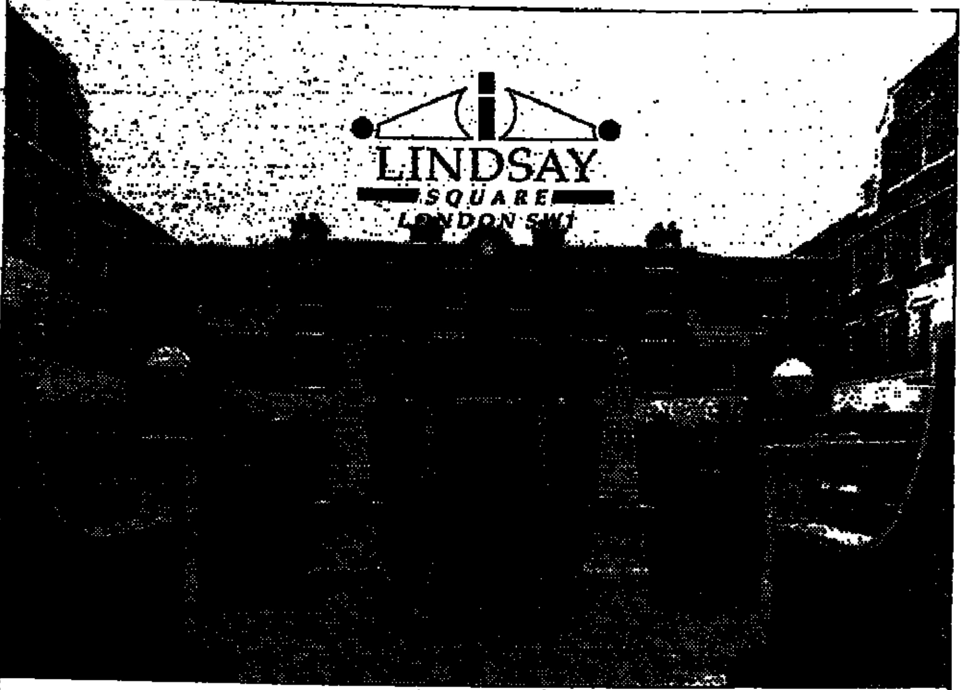
Already this remarkable garden is open to the public seven days a week. The going is rough and I would not recommend it for the disabled, *but it makes fascinating* viewing for those who are reasonably able-bodied.

Plant of the Week

Kolkwitzia Pink Cloud

This is the best variety of Kolkwitzia amabilis, a very free-flowering deciduous shrub that flowers in early June. It is usually six to eight feet high and has long arching branches crowded with deep pink flowers. American gardeners, who seem to have taken to it more rapidly than those in the UK, call it the Beauty Bush. It is quite hardy, unfussy about soil and it can be pruned, if it gets too big, by cutting off the old *flowering stems immediately the flowers fade. If it is increased by seed some seedlings may be of inferior* colour or performance. Pink Cloud should be increased by summer cuttings to keep it true to type. .... *AH*

LONDON PROPERTY



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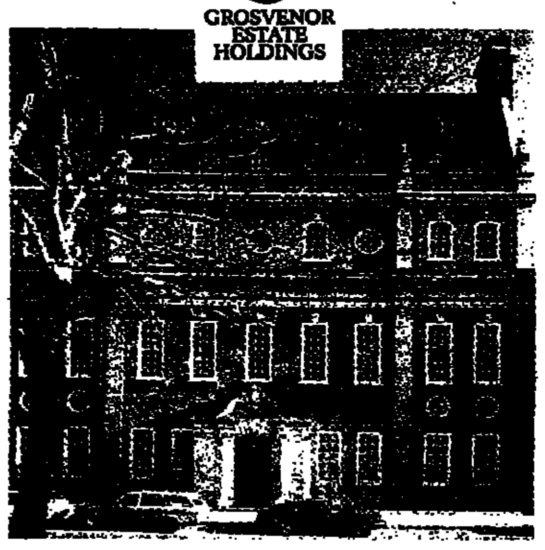

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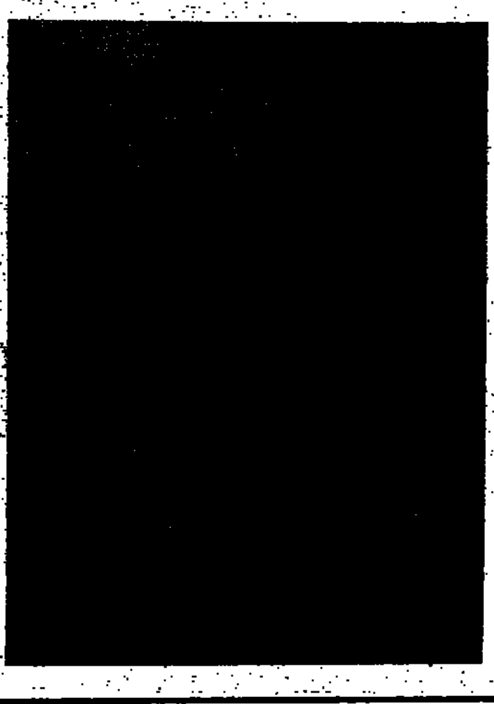

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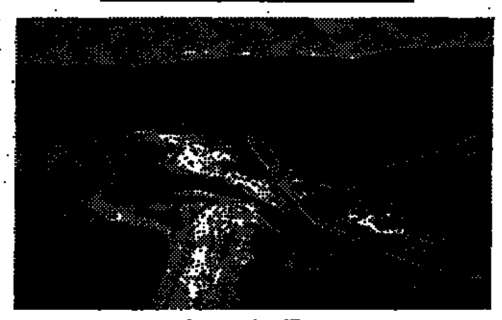

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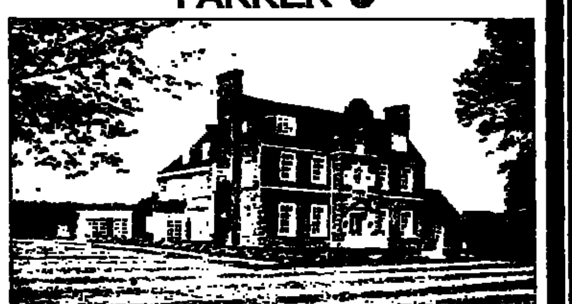

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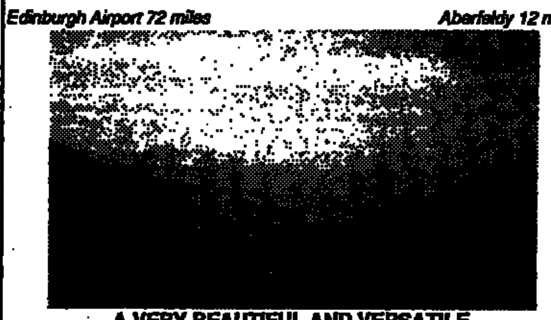

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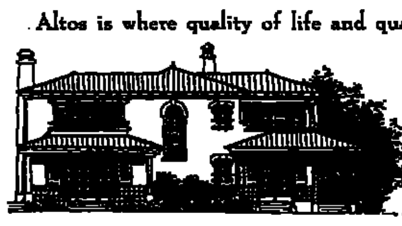

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Whizz-kids in greener pastures

***Lucia van der Post** on the growing band of born-again craftsmen*

IF THE recession has meant gloomy times for some, it has also offered new opportunities to others. Many of those bright young things who used to earn telephone-number salaries that they never had time to spend have found that there are other ways of earning a living than gazing at screens in offices. Many have started small businesses, and found a great deal of pleasure in new ways of living.

All sorts of chaps who in years gone by would have been adding up figures in accountancy practices, working in banks or defending the law are these days to be found digging gardens, making furniture, framing pictures and generally discovering a great deal of fun in creating and making things with their hands.

This is good news for those of us who are looking for the small and not-so-small special things that cannot be bought off-the-shelf. We are now spoilt for choice when it comes to finding people to build a cupboard for a strange-shaped corner, a table to a special size, a chair of precise dimensions. The recession has meant that craftsmen are keener than ever to give the customer exactly what he or she wants.

Take Philip Hearsey, who from his base in Herefordshire heads up a small design team working in the area of architectural, interior and furniture design. I featured some of his designs on this page last year, but since then he has moved on, developed his range and his ideas and now has a richer selection than ever for potential customers to choose from.

He still makes much of the furniture for the interiors he designs because run-of-the-mill production-line furniture does not fit the bill.

The new range he has developed has a strong medieval character – for instance the large cabinet, photographed top right, looks for all the world as if it were hewn out of some rather solid timbers and was designed to fit into the house of a Spanish nobleman. In fact it is made from English beech, distressed and coloured, and it is the hand-forged ironwork and the heavily carved panels that gives it its strong medieval air.

This particular cabinet conceals a drinks cabinet which is fitted with brilliant blue lacquered paintwork but, of course, anybody ordering the cabinet would specify the internal requirements. The price varies, depending upon the fittings, but the cabinet alone would be about £3,000.

One of the qualities of Philip Hearsey's work is its air of strength and solidity, much of which comes from the abundant use of hand-forged metal components – the result of the relationships he has built up with other workshops and craftspeople all over the UK.

Whilst he will take on all sorts of commissions – whether for whole buildings and all the fitments, large cabinets or complete kitchens – I am possibly most attracted to his smaller pieces of furniture. Occasional tables are a notoriously difficult area if dinky nests and glass-topped steel-legged versions are not your taste – Philip Hearsey provides some wonderful options. There is, for instance, a beautifully turned piece of solid elm or oak, 375 mm in diameter, 450 mm high, which doubles as a stool or table, for £464.13. There is the Tom-tom, a huge lump of turned elm settled into a four-legged stand, for £605.

Hearsey works in metal, wood, stone or granite and uses them to create pieces that have great strength and originality. His small tables with wrought-iron bases and glass or wood tops, sometimes carved, sometimes plain, would be very useful in halls or as side tables and are completely different from anything else I have seen on the market.

Philip Hearsey can be contacted at Monkhall Court, Callow, Hereford HRT 8DA. Tel: 0432-351170, or, in London, 071-244-9825.

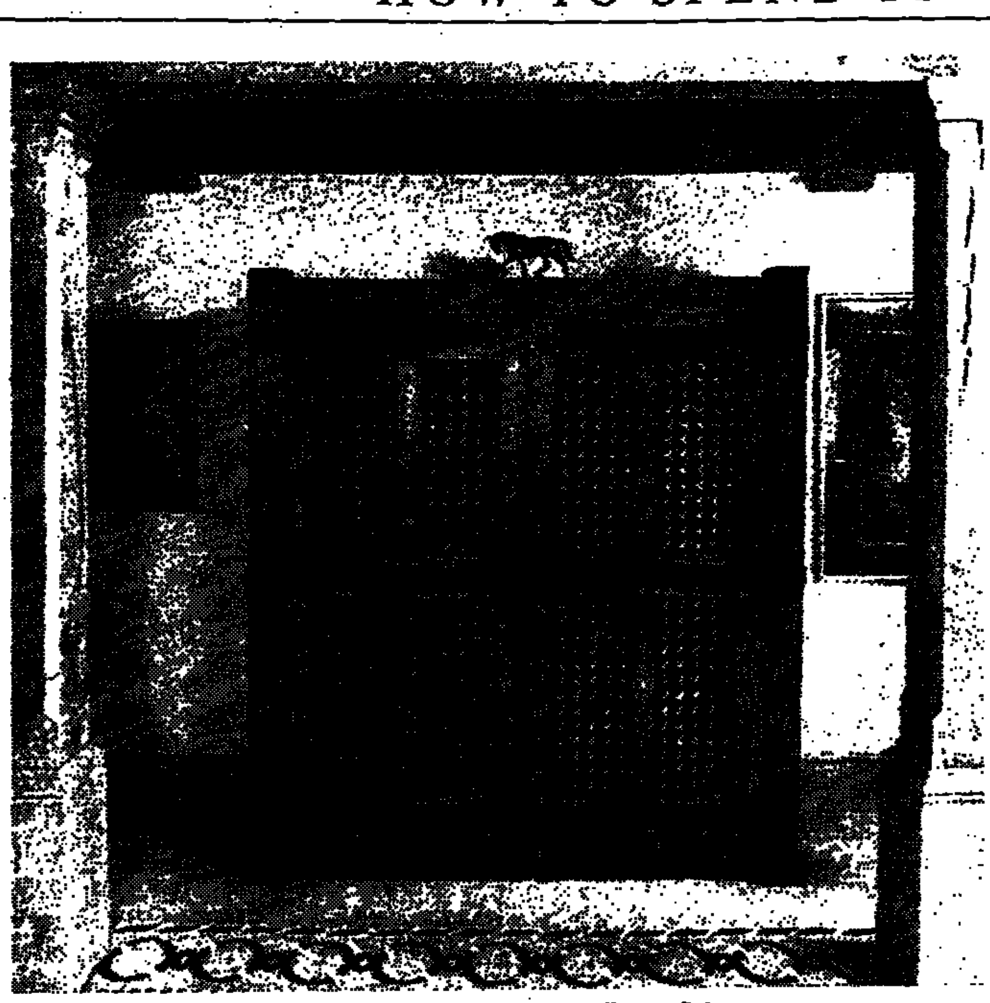
David Savage is another furniture maker who, though he makes a lot of special one-off pieces, has a recognisable hand-writing to his work. He always has available a range of chairs and tables which can be seen and ordered at 21 Westcombe Lane, Bideford, Devon EX39 3JQ, and other examples of his work can be seen at The Design and Decoration Building, 107a Pimlico Road, London SW1W 8PH.

He works a great deal in English hardwoods such as sycamore, pear or yew. The particular piece photographed bottom right was originally specially commissioned and was made from solid yew. The client asked for a "simple but elegant occasionable table that could be used as a dining table in the traditional Japanese manner." Many of his European clients liked the design and found that the height worked well alongside a traditional upholstered sofa, so he has now incorporated it into his standard range. Available in different sizes and timbers, it costs about £1,950.

Rupert Senior and Charles Wheeler-Carmichael have been designing and making individual pieces of furniture to special commission for several years. Their pieces range from a conference table seating 28 delegates to a four-poster bed and the child's chair photographed far left.

This is slightly different as it is produced in a limited edition. Made from timber salvaged from the "Great Storm of 1987" they call it the Lilliput chair, and they hope it will prove popular as a Christmas, birthday or christening present.

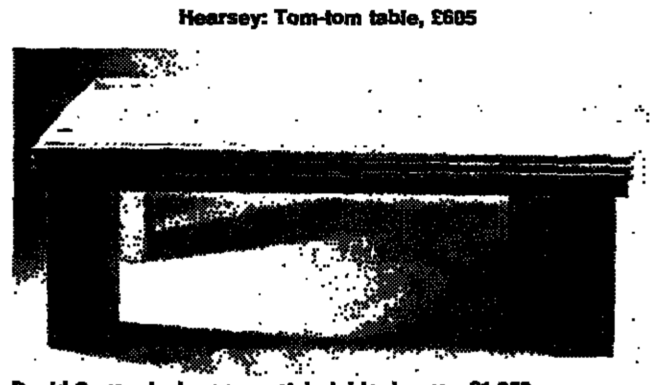
The Lilliput chair costs £535.00 plus VAT and is available from Senior Carmichael, Whitehouse Workshop, Church Street, Betchworth, Surrey RH3 7DN. Tel: 0737-844316.



Beech cabinet by Philip Hearsey: price from £3,000, depending on fittings

Hearsey's Ogee table, £528

Hearsey: Tom-tom table, £605



David Savage's Japanese-style table, in yew, £1,950

Lilliput chair by Senior Carmichael, £535 plus VAT

Book Fairs

Summer reading

FOR book collectors, June is a high point of the year. The antiquarian and second-hand book trade holds a series of fairs in London hotels at which many thousands of tomes can be seen. Although more than half those sold go to other dealers, the public are welcome.

The biggest selection of books, about 85,000, can be seen at the two fairs in the Hotel Russell in Russell Square, Bloomsbury. These are sometimes called the London Fairs, or the Russell Fairs, although are still known as the PBFA, from the initials of the association which organises them.

Most books cost less than £100 – many much less. The stock changes between the two fairs, but buying the catalogue for the first will let you in to the second. On two of the days experienced dealers offer a roadshow at which they give advice and valuations, although they are not permitted to make offers.

The other "London" fair, held at the Bonnington Hotel nearby in Southampton Row, off Russell Square, is smaller. Most dealers are part-timers, and the books are cheaper and more modern. On two of the days the book fair is joined by dealers in maps and prints, some from the International Antique Map Fair, to be held at the New Connaught Rooms in Great Queen Street, off Kingsway.

The Bloomsbury fair, at the Royal National Hotel in Bedford Way, near Russell Square, is comparable to its bigger rival at the Russell Hotel, with a pleasing mixture of antiquarian and modern. The "International", at the Cafe Royal at the foot of Regent Street, includes a few dealers from abroad but consists mostly of British dealers offering books from about £100 up.

The most expensive books are to be found at the Antiquarian Booksellers Association (ABA) fair at the Park Lane hotel – which, confusingly, is not in Park Lane but at the Hyde Park Corner end of Piccadilly. The fair opens at 6pm during the preview evening on Tuesday June 23. The catalogue, which serves as an entry fee, costs £15, but falls to £6 the following morning.

You can buy a page of music in the handwriting of Beethoven for £28,500 (Wilson) or an original quarto of The Wealth of Nations for £20,000 (Steedman). The most moving item is a manuscript "Character Book" listing the convicts bound for Western Australia on board the *Edwin Fox* in August 1858 (Remington, £5,000). It records the names, ages, former occupations, crimes and other details of 284 unfortunate men compelled to leave their country for their country's good.

■ *This article is reprinted from last week's Weekend FT: the original article contained a number of inaccuracies because of a computer error.*

William St Clair

BOOK FAIRS IN LONDON HOTELS DURING JUNE

Fair	Location	Date	Hours	Entry Price
London	Russell	19	2-7	£2
		20	10.30-7	£2
London 2		21	2-7	£2
		22	10.30-7	£2
Bloomsbury	Royal National	20	10.30-7	Free
		21	10-7	Free
London	Bonnington	21	9.30-7	Free
		22	9.30-7	Free
		23	9.30-4	Free
International	Cafe Royal	22	2-7	£5
		23	10-6	£1
		24	10-5	£1
ABA	Park Lane	23	5-9	£15
		24	11-8	£6
		25	11-6	£6
Books Roadshow	Russell	20	11.30-3	£2
		22	11-3	£2
Maps & Prints	New Connaught	21	10.30-5.30	Free
	Bonnington	22	9.30-7	Free
		23	9.30-7	Free

Cameo appearances

*They're small, subtle and sought after . . . **Janet Marsh** previews a major sale of sophisticated art*

PERHAPS it is the attraction of opposites: cameos, which are among the smallest of art works, have had a peculiar appeal throughout history to royal collectors graced with the sobriquet "Great." Alexander the Great and Mithridates the Great both had legendary collections. So, in the modern era, did Catherine the Great of Russia, by far the most voracious collector of all time. Admitting to being gripped by "cameo fever," Catherine bought up collections throughout Europe. Her hoard, which finally numbered more than 10,000, now resides in the Hermitage at St Petersburg.

The most notorious royal collector was Prince Stanislaw Poniatowsky, whose enthusiasm began when he inherited 150 historic engraved gems from his uncle, King Stanislas Augustus of Poland. By the time of his death in 1839, the number had grown to 2,601, 1,800 of them bearing the signatures of all the great artists of the ancient world. Alas, when the collection came on the market in London, Victorian society was scandalised to learn that the signatures, like the greater part of the collection, were fake – commissioned by Poniatowsky himself from contemporary Italian craftsmen.

After a century and a half, Poniatowsky's posthumous disgrace readily is forgiven. He chose his artists well, so that his "fakes" often are valuable works of art in their own right. Several intaglios from these "fakes" will realise as much as £3,000 each when they are sold by Sotheby's on Thursday.

They are part of an anonymous collection of more than 250 cameos and intaglios which Sotheby's experts consider to be the best to come on the market since the second world war. Studying these exquisite little gems, it is easy to understand the enthusiasm of collectors during two millenia.

Cameo carving is one of the subtlest and most sophisticated arts bequeathed by the ancient world. Its special skill consisted in carving a precious stone, formed in layers of different colours, in such a way that one colour served as a ground for figures cut in relief in the upper layer of contrasting colour. Different stones – onyx, agate, sardonyx, chalcedony – gave different colour effects. Indian sardonyx, for instance, would combine white and yellow with reddish browns; Arabian sardonyx provided cold blues and blacks.

For most of the history of cameo carving, the same primitive tools were used to work the immensely hard stones (often it was said that it took as long to cut a large cameo as to build an entire cathedral). Originating in Alexandria at the end of the 4th century BC, the art reached a peak in the Hellenic and Roman periods. Portraiture and mythological and pastoral scenes predominated. Alexander the Great would be portrayed only by his court craftsman, Pyrgoteles. Emperor Augustus's personal sculptor, Dioskourides, the most influential of classical cameo artists, continued tactfully to portray his master as a comely youth for decade after decade.

The art of cameo carving survived through the early Christian and Byzantine eras to flower again in 13th and 14th century France and Italy, when the favoured subjects were religious and heraldic. The Renaissance brought renewed interest in classical antiquity and spawned a new breed of rich and passionate collectors and patrons like the papacy, the Medicis, and Lorenzo the Magnificent. Artists supplied them with copies of the antique, but also developed new contemporary styles.

Essentially a classical art form, the cameo declined both in technique and fashion with the baroque taste of the 17th century – only to re-emerge to a final rich flowering with 18th century Neoclassicism. In this period, the passion for cameos became epidemic. Every European gentleman of culture and means had to have his personal collection – or at least a few of the sets of casts of famous gems which were marketed along with descriptive catalogues.

Distinctive schools of cameo art grew and flourished in France, Germany, Austria, England and, above all, Italy. In England, the finest cameo sculptors were the brothers William and Charles Brown, 400 of whose works – around half their total output – were commissioned by Catherine the Great and are now in the Hermitage. A William Brown cameo portrait of the Duke of Wellington appears in the Sotheby's sale, estimated at £800-1,200.

The saleroom estimates suggest that cameos are still under-valued. Prices anticipated for a group of 16th century agate cameos range, for instance, from a few hundred pounds to £3,000-4,000 for a finely sculpted bust portrait of a warrior in a contemporary gold mount; this seems a very modest price for a Renaissance art work of high quality. The highest estimates (£5,000-7,000 each) are for two exceptional works from the neo-classical period: large, double-sided cameos by the Roman masters, Giuseppe Girometti and Giuseppe Cerbera.

Cameo prices may, in fact, still reflect the decline in enthusiasm that resulted from the mass of spurious and mechanical cameo work turned out late in the 19th century. There are signs, however, that the time is ripe for a return to style and favour, with fashionable designers like Bulgari now leaning to archaeological inspiration for their jewellery designs.

Three agate cameos, part of the 250-plus lots to be sold at Sotheby's on Thursday

FASHION

Chaps and chukkas and polo pin-ups

***Lucia van der Post** finds how best to dress for sporting success off the field, and discovers a new lease of life at Dunhill*

POLO was once a sport like any other – except more expensive. Chaps on ponies tore round fields, wielding sticks and playing chukkas while their womenfolk and assorted hangers-on used it as a fine excuse for quaffing Krug and eyeing both the ponies and the chaps. Then the marketing men began to realise that all that manliness, that heady mix of outdoorsiness, of skill and derring-do and the glamorous groupies it attracted, offered a heaven-sent opportunity to promote their wares.

Thus was ushered in the sponsored polo event, which turns the Guards Polo Club's Smith's Lawn at Windsor into a passable imitation of an Indian durbar, without the heatstroke. The marquees billow, the flags fly, the champagne flows and the glitterati turn up in their hundreds.

The sartorial problem this poses is that an invitation to one of the great sponsored days at Smiths' Lawn, which even now many of you may be contemplating, is no longer *just an invitation to a sporting* event – it is also a social one, where the purpose of the exercise is no longer just to count the goals, tread in the divots and marvel at the skills but also to see and be seen, and possibly be photographed. What, then, does one wear?

Last Sunday saw the first of the great sponsored days when Alfred Dunhill entertained some 400 guests, polo names, glamorati, journalists and marketing men to lunch and tea. Notions of appropriate dress varied from chic little cocktail numbers, glittery jewels and dinky handbags to laid-back jeans and blazers.

If in doubt it is, of course, not much use taking one's lead from the Queen, who has that endearing habit of looking as if she has just nipped out into *her own back garden* – which, of course, she has.

Habituées of the polo grounds can be easily spotted – they wear well-cut jeans, crisp white shirts, navy-blue blazers, Gucci loafers, good scarves, Alice bands and chain-handled bags. On anybody young, long-legged and long-maned the look is great – a bit stereotyped maybe, but classy and appropriate. Of those lunching in the smart marquees the most successful outfits seemed the simplest. The American contingent is usually band-box smart – hats, designer suits, lots of jewellery – but at Smiths' Lawn it tends to look a little overdone.

Dunhill warns its guests. "This is an English outdoor sporting event. Please bring sensible shoes and a raincoat." And just in case *their guests* fail to get the message about the peculiarities of the English summer, it hands out umbrellas and blankets at the door.

Of the Americans, Christina Ford, in a striking but simple black and wool suit, looked warm (often essential), comfortable and at ease – always a good start. Navy wool or *linen blazers over a silky vest* and teamed with simple skirts, either long or short, looked good. Really good loafers or other flat shoes somehow looked more appropriate (treading in the divots between chukkas is part of the ritual) than high heels.

Miriam Francome, estranged wife of the jockey John Fran*come, looked wonderfully* relaxed and at ease in soft, trousers, a check jacket by Victor Edelstein and a simple vest, all in sophisticated neutral shades. Dawn Mello, design supremo at Gucci and responsible for breathing new life, wit and vitality into the brand, was Gucci-clad from head to toe – warm three-quarters jacket over a shortish skirt in a soft peachy shade, simple creamy vest, pale tights, taupe court shoes and of course, one of *those* bamboo-handled handbags.

Opinion on hats is divided. They are probably *de rigueur* if you hope to catch a paparazzi's lens or are in the serious glamour business, like Anouska Hempel and Joan Collins. Otherwise I incline to the view that they look a little bit too dressy, as if their wearers are trying too hard. Apart from anything else, they impede other people's view.

As for the men, there were plenty of suits, all looking perfectly appropriate if a little formal, but somehow a navy blazer, grey flannels and loafers *looked that much more* relaxed. Lord Patrick Beresford, in navy-blue blazer, stone wool gaberdine trousers with turn-ups, and loafers, got it absolutely right.

Miriam Francome, relaxed in trousers and Victor Edelstein jacket, and Charlie Brooks in pukka pinstripes

Simply does it for Dawn Mello, design supremo of Gucci

The Dunhill look - quiet, understated, very British. Green linen jacket (£350) with a toning checked linen waistcoat (£80) and trousers (£150) over a blue and white striped cotton shirt (£69). The silk tie is £49, all from Dunhill, 30 Duke Street, St James, London SW1 and other Dunhill shops

THERE IS something peculiarly piquant about the future Duke of Wellington setting out to woo and win one of the jewels in the crown of the Parisian *Haut Monde* – the *tres, tres chic* house of Karl Lagerfeld.

When Dunhill Holdings (of which Lord Douro, the future *Duke of Wellington*, is chairman) felt in need of some heady feminine charm to provide some pizzaz to its image, in the hallowed tradition of 19th century English mi'lords, Lord Douro cast his eye across the Channel, where it alighted on Karl Lagerfeld.

Not that buying the talents of the eccentric "Kaiser Karl" is a mere aristocratic *faiblesse* or *folie*. It is all part of a hard-headed, carefully worked-out strategy – building up Dunhill Holdings into a leader in quality brands.

Dunhill until recently has seemed to outsiders almost like a sleeping giant – a splendid brand name, but where were the products to match?

Dunhill's long-term strategy is clearly to build a luxury prestige group that will appeal *to the Japanese and the rest of* the hugely lucrative Far Eastern market, one that will compete with the best in the world.

When it comes to menswear, in which the company is very strong, most of what it needs – an old and traditional presence in London (the Jermyn Street flagship store) and a clutch of instantly recognisable and desirable products – it already has. But to cash in on the vast amounts of feminine cash that currently finds its way into names like Yves St. *Laurent*, Chanel, Hermés and *the like it needed a much* stronger feminine brand – which is where Karl Lagerfeld and Chloé (bought by Dunhill in 1985) come in.

Dunhill is one of those essentially British brands: sound, solid, (and VERY VERY profitable) but lacking a certain élan. Think Dunhill and what comes to mind? Navy-blue blazer, pipes, tobacco, and watches – all very understated and fine quality, but a little short on true allure.

If short on allure, Dunhill has not been short of profits. *Cash rich and solidly profitable* it has come an enormous distance since the 1970s when annual profits were languishing in single figures (about £3m) and the core of the business was smokers' accessories. Today, profits stand at £48m (after tax) and smokers' accessories account for just 3 per cent of the business.

The product range has been carefully and greatly extended,but the brand has never been debased. Distribution and outlets have been carefully controlled. Acquisitions such *as Mont Blanc (which was* turning in losses when Dunhill bought it and has since become a money-spinner) and Hackett, the oh-so-pukka menswear business with the slightly fogeyish air, are all fine quality businesses.

Dunhill's big problem, however, is that it is rather like the prophet lacking honour and recognition in its own country. Its image is far stronger in the Far East (where it is right up there with Chanel, Vuitton, Hermés and Cartier) than it is here in Britain and Europe. For the moment much of its efforts are being channelled into consolidating itself in Europe – which, of course, is essential if it is to go on selling sell well in the Far East, as an image of old European tradition is primarily what the Japanese are buying. In Europe there are still too few Dunhill shops – just nine (five in the UK, three in Germany, one in *France*) – so plans are afoot to open at least two more this year, one in Madrid and one in Geneva.

The shops are to be given a much more striking look

The addition of the ebullient Lagerfeld to the stable offers a great opportunity for profile-raising. It is still early days to see exactly what all this will mean to the British consumer. There can hardly be a more exciting designer in the world than Lagerfeld, and if the Dunhill connection means that his abundant talents will be made more *accessible* then we *may* all have cause to celebrate.

Mounir Moufarrige, the Paris-based Dunhill Holdings director responsible for developing both the Chloé and the Lagerfeld labels, has every intention of making both labels more accessible, not just in Britain but all over the world. "They will be two distinct entirely different lines, each competing with the other. The Lagerfeld label will be strong, pointed, forward-looking, while the Chloé line will be softer, rounded, lighter, more feminine, very sensual. More shops – both for the Chloé and the *Karl Lagerfeld label* – are certainly planned, but also we are already working on a much expanded range of products for both labels."

In couture-house speak, "expanded range of products" means accessories – the real route to riches. Couture houses are not, of course, about couture – they are about selling silk scarves, gilded belts, must-have jewellery, definitive shoes, heady perfumes at loadsa dollars a time. It is not lost on anybody that at Chanel (where, eight years ago, Karl Lagerfeld was brought in to revitalise the dying brand and in so doing doubled the fortune of its owner, Alain Wertheimer) five out of every six sales are in accessories.

It is not just that the product range will be expanded – the *shops are to be given a much* more striking and more consistent look, and early next year we should begin to see the first fruits of these efforts.

As to the question of whether "Kaiser Karl's" talent can encompass both labels (as well as what he already does for Chanel and Fendi) Mounir Moufarrige has no doubts. "It *has* been like an *engagement* – we have been talking for well over a year, discussing these questions before we, so to speak, made the marriage. Lagerfeld designed for Chloé for twenty years before so he feels as if he were coming home. The two sides of his personality – the sharp and the soft – need different outlets."

Flag-waving is out of fashion these days but nonetheless it would be good to see a British luxury goods company of the stature of Dunhill give the French-based LVMH a real run for its money.

The shape of things to come? From Karl Lagerfeld's autumn/winter collection, an evening coat in bottle-green silk over a slim evening dress

Aussies stir the French

Jancis Robinson visits Languedoc's most expensive hole in the ground

I AM hurtling round a roundabout on the outskirts of Narbonne *one morning* in James Herrick's Alfa Romeo when his car phone bleeps. "Allo? g'day, *mate, what* are *you doing up so* late?" (Pause.) "What are the Baumés at? Good. Great stuff. You'd *better go and get some sleep."*

One business partner reporting on the ripeness of some jointly *owned vineyard to another, except* that Robert Hesketh was speaking from south Australia while Herrick *was driving me towards their new* winery in the Languedoc.

La Motte is an old *vin ordinaire farm on canalside flatlands just* north of Narbonne. No self-respecting Frenchman would dream of try*ing to produce world-class wine* there; it is outside any of France's zealously-guarded zones for Appellation Contrôlée wines.

But, as I reported in the *Weekend FT* early in 1990, Global Vineyards' *policy* is to apply the *snazzy* techniques and unfettered philosophy of the New World to the relatively cheap vineyard *land of southern* France. I thought it would be interesting to spend a day with Herrick *this spring, as the first of their 175* hectares (385 acres) of French Chardonnay were just starting to bear *fruit, and I was* right.

The Australians moved in by stealth over Christmas 1989, but now the Languedoc is abuzz with *rumour* and *fact concerning outside* investment. Château Ricardelle, a prominent property just south of *Narbonne, is now being revitalised* by a Swiss-Italian group.

Peter Sichel and Bernadetta Villars are just two of the Bordeaux proprietors who have already bought in Corbières (AC, of course) and a Belgo-Bordeaux group has moved into La Clape. On the way to Narbonne, Herrick had pointed out *another rather handsome Corbières* property, which apparently would have been snapped up by another *Bordelais if it had not been for the* financial depredations of the past year's frosts.

We arrived at La Motte to a vineyard quite unlike its unkempt neighbours, with their gnarled little *straggly vine bushes dotting the* bare earth. Here were carefully manicured rows of Chardonnay *vines three grassy metres apart,* the juicy leaves sprouting obediently and exclusively along shoulder *height wires, machine-tightened* between posts that looked like cabers, unlike anything I had seen in any other French vineyard.

"It's a system of moveable trellis wires designed to produce eight tonnes per acre, but here we're not *allowed to make more than five,"* Herrick explained in the tone of indulgent exasperation he uses for France and the French. (When talking French to the French he uses no perceptible accent and a lot of self-deprecating grunts.)

Outside the old farm buildings, swarming with workmen and Radio *Narbonne,* was a British car, and a truck carrying a warning against bushfires in the state of Victoria. English – or at least, "Strine" – is the first language of most key employees here. Inside, 60 year-old concrete wine vats, through which a sea of once-profitable light red *ordinaire* has washed, are being *sandblasted and re-lined,* ready to meet, late this summer, the requirements of an array of technically exacting New World winemakers.

Yalumba, the south Australia winery, will be *sending a* winemaker to see what he makes of French fruit; in the southern hemisphere he would be twiddling his thumbs at this time of year. Jacques and François Lurton, young brothers raised in Bordeaux but oenologically schooled in Australia, will also be making wine here. And Global Vineyards plans to sell the first crop off its Chardonnay vines, spread over three different, unusually large domaines, to the huge Skalli operation in Sète, and to Hardy's, fellow Australians who bought a large winery outside Béziers two years ago.

As we leave, we almost bump into a truck which is delivering the first consignment of this year's purchase of millions of metres of wire, an *essential ingredient in imposing* nurture rather than nature on the vines. We pass a pretty farmhouse, apparently being turned into *gîtes* by an English couple ("probably a far more sensible use of vineyard land" sighs Herrick). Next comes the miserable sight of acres of ancient vines being properly ripped out, including all possible associated pests and diseases, by a team under Global Vineyards management. This is work for a neighbour who has been impressed by what *les Australiens* have done, and plans to substitute modish Chardonnay vines for his old Carignan and Cinsault stumps.

Current EC subsidies ensure that it is more profitable to rip out a lacklustre old vineyard than to produce lacklustre wine for the local co-op from it. "But this guy actually wants to bottle the wine himself - a major step forward," says Herrick. "The trouble is," he adds, "that this vine pulling programme is artificially inflating the price of land here so that only the brave, foolish or wealthy can afford to invest in it."

We spend the rest of the day touring the properties of these brave, foolish or wealthy creatures. Jacques Ribourel is certainly the last of these – one of France's more successful real estate tycoons, who seems perfectly happy to throw his millions into a large hole in the ground. He has heard that underground wineries are a good idea, and so he has had a huge 20-ft crater quarried out of the rock of La Clape mountain, between Narbonne and the sea, at an estimated cost of FFr2m for the hole alone.

His Domaine de l'Hospitalet covers 1,000 hectares (2,500 acres), but he does not like the shape of some of them, so they are being remodelled too. Jeremie, his son, climbs down from his Paris-registered Range Rover to explain that eventually there will 22 vine varieties planted, plus a collection of local plants, a couple of outdoor theatres and lots, lots more – provided they can persuade plants to grow in the moonscape that is l'Hospitalet at present.

Next stop is at an established wine domain recently bought by *someone* who certainly qualifies as brave. Its size, and its output in the bad old days *of quantity above* quality, is indicated by the length of the winery building: at least a quarter of a mile of wine vats.

Driving up an abandoned avenue towards the other buildings, which once included chapel, forge, workshops and school, James Herrick makes disapproving noises about the dilapidated state of the vineyards. Local gossip has it that the new owner, a Champenois, paid for this 200 hectare property by selling two hectares of champagne vineyard.

As we dot about the rest of the region (eliciting in each village another *rumour about incoming* investment), the temperature drops, the sky darkens and so does Herrick's brow. There *are still* three more weeks during which those juicy little Chardonnay sprouts could be hit by frost, and *the* less worldly locals, who can't understand why the Australians are planting such an outlandish vine on low-lying land anyway, could be proved right.

As things turn out, it looks as though Global Vineyards (France) will at last have an entry on the credit side of the books this year. But it is undoubtedly operating in Europe's hottest viticultural melting pot.

Cookery / Philippa Davenport

Soups for summer

YESTERDAY was sun hat and sandal weather. Tonight I am lighting the fire. Planning menus ahead has become a gamble. Last-minute impulse shopping and cooking is one sensible solution.

In practice I find British summer evenings rarely so hot that the thought of an entirely cold meal is enticing. A hot main course (providing it is not too substantial) is usually best.

Poaching and steaming are good cooking methods to *choose. Grilling may be the* most appealing of all, not least because it is so quick. What is more, *if grilling is done out*doors on a barbecue, the workload may be shifted onto other shoulders or at least shared.

Juicy lamb chops, young rabbit, chicken and quail, vegetables and fish of all sorts, make good candidates on these occasions, and all are delicious simply served with a few new potatoes and a leafy salad.

If the weather is in a Mediterranean mood, try to rid yourself of the British obsession with red-hot food and plates. *Tiède* can be a desirable temperature for dishes other *than quiche.*

Preface the grill with soup and follow it with soft fresh fruits and cheese, and you have a meal that is relatively little sweat for the cook.

Two of the following soups should be served chilled. This means that they need to be made several hours ahead, but that does not mean burning your culinary boats if the weather turns chilly, just a postponement of serving the soup. (Soup can be kept safely in the fridge for 2-3 days; if the barometer plummets, freeze it for longer safekeeping.)

On cool evenings, begin dinner instead with an impromptu and quickly prepared little comforter, such as *oeuf en cocotte à la crème.* This classic French standby is long overdue for a comeback in Britain. If there is a Sainsbury's branch near you, use its lovely *crème fraîche* d'Isigny to make this *dish, with a blade or two of* tarragon for fragrance.

The other soup given here is the turncoat, *capable* of beating the weather at its own game. In other words it is equally good served chilled if the evening is fine or hot if the weather plays foul.

LOVAGE SOUP WITH BUTTERMILK
(serves 4-6)

2-3 shallots; ¾-1 lb potatoes; a generous handful of fresh young lovage leaves; at least 1½ pt light chicken stock; ½ pt buttermilk.

Chop the shallots finely. Peel and grate the potatoes. Put both ingredients into a pan. *Pour on 1½ pt stock and bring* to simmering point, stirring occasionally to stop the potato starch sticking to the bottom of the pan.

Stir in 6-7 tablespoons shredded lovage leaves. Cover and simmer gently for 10-15 minutes, stirring once or twice, until the vegetables are perfectly tender.

Whizz to a fine green flecked purée. Blend in the buttermilk and season lightly. Thin with more stock to give good consistency, and add extra lovage to taste.

Serve well chilled or reheated very gently – on no account boil it, or the buttermilk will curdle.

CUCUMBER SOUP WITH PRAWNS AND DILL
(serves 4)

1 large cucumber; 6 oz cooked prawns in the shell; a bouquet of dill; ¾ pt creamy yoghurt; a little sugar and white wine vinegar.

Shell the prawns. *Simmer* the shells with a sprig or two of dill and water to cover in a *tightly lidded pan for 25 minutes.* Process briefly and sieve carefully to separate the flavoursome *liquid* from the debris. Fast-boil the shellfish stock until reduced to about ½ pt.

Peel and seed the cucumber. Put the peel into a processor. Add ½ teaspoon salt, 1 teaspoon sugar, 1½ teaspoons vinegar and the stock. Whizz to a very finely flecked green purée.

Strain the liquid and stir it gradually into the yoghurt to make a smooth pale green cream. Grate the cucumber flesh, chop the prawns and a tablespoon or two of feathery dill leaves. Stir them into the soup and chill for several hours to allow flavours to blend and infuse.

Season to taste with salt, pepper, vinegar and dill, and thin the soup, if need be, with a little iced water or stock, just before serving.

SPANISH ALMOND SOUP
(serves 4-5)

3 oz almond kernels in their brown skins; 1½ oz crustless white bread; 1-2 garlic cloves; 4 tablespoons olive oil; 1 tablespoon sherry vinegar; ¼ lb grapes, preferably muscat, skinned, halved and de-seeded.

Pour boiling water over the almonds and leave for a couple of minutes, then slip off their skins. Crush the garlic with half a teaspoon or more of salt. Then whizz the garlic and nuts in a food processor with a few spoonfuls of water to make a smoothish paste.

Add the bread, olive oil and *vinegar and whizz again until* creamy. Gradually mix in 1-1¼ pt iced water. Cover and chill for a few hours to allow flavours to blend and mature.

Just before serving, adjust seasoning, thin with more iced water to taste, and stir in the grapes. It is the combination of sweetness and pungency that makes this soup so refreshing.

Simply the apple of their eye

Giles MacDonogh visits the Pays d'Auge to sample Calvados, the Norman apple brandy

IT MAY have taken a while for the idea to sink *in, but I think that even* the slowest among us has realised that wine is made from hundreds of different grapes and that the grape type has a determining effect on flavour.

The same applies to apples and cider, and indeed, calvados or Norman apple brandy. Ask a calvados producer what apples he uses and you will begin to wish you had not. There are as many as 600 different kinds, and a great many more must have become extinct over the past century.

A traditionalist such as Claude Camut, in La Lande-Saint Leger in Calvados' best region, the Pays d'Auge, has about 25 different sorts of apple growing on his 35 hect*ares (85 acres). The rather* more modernist Domaine L. Dupont in Victot-Pontfol still has 10 different sorts scattered over 27 hectares (65 acres).

The favourites vary from property to property: Camut has at least a third of his land planted with Bisquet, but he is increasingly impressed by the Dutch Belle de Boskop. A single variety, however, would simply not do: real calvados is a blend of early ripening, mid-season ripening and late-ripening sorts; the clues to many of these lie in their names. For example a Saint Martin apple ripens in November; a Noel des Champs in December.

The two schools of thought in Calvados are less divided about the multiplicity of apples going into the vats than they are about three other burning issues: the use of dwarf trees in rows to increase yields; the age of the cider to be distilled; and the use of new oak casks to give supplementary flavours to spirits marketed young.

For Claude Camut the quality of the apples from the old, high-branched trees is marginally better. He agrees, however, that the yields are dramatically lower: about one third as much. The new trees also take only five years to reach maturity as against 15 *for a traditionally grown tree.*

With incentives like these few growers now plant the old-style orchards which were considerably more attractive than the new uniform rows. In old orchards the Normandy cows also played their part: "My cows prune the trees," says Camut.

Camut is also at the extreme right of the dispute over what age of cider to distill. He waits two years until the cider has "settled."

Others, such as Christian Drouin, a former marketing teacher turned distiller in Coudray-Rabut, insist that the habit of distilling old cider was borne simply of the necessity of getting rid of last year's leftovers before you fermented the new season's apples. You handed over the old, flat cider to a peripatetic distiller and made some nice fresh stuff.

Etienne Dupont agrees with *him: old cider makes for fiery* calvados. Perhaps Camut does not worry about this because he has such large stocks already mellowed by time.

Numerous pre-war vintages lie in cask in his cellars and, in his opinion, his range does not really start in earnest until you reach the 40 year old.

Etienne Dupont is a former banker who has clearly weighed up the whole question with a shrewd financier's mind. Both he and Christian Drouin want to make calvados which will be ready younger.

Both use some new oak casks to give the spirit a kick start. Drouin ages some of his calvados in secondhand port and amontillado sherry casks. This naturally adds to the colour of the spirit and gives a fruity roundness to the calvados.

All three estates make high quality hand-made spirits *which are a considerable step* up from the industrial production of big companies such as Père *Magliore* and Boulard. Camut's calvados begins to taste increasingly of licorice as it gets older; it loses the baked-apple flavour of the younger spirits and becomes increasingly abstract.

Drouin's vintages, such as 1967, 1968 and 1969, are far softer, occasionally giving off a whiff of honey and bananas. Of the new school producers I slightly preferred Dupont, whose ten-year-old has a smoky character (probably from the wood) and whose older spirits have a little note of fresh crushed almonds.

A fourth producer I visited was the Swiss Herr Affentranger at the Château du Breuil at Le Breuil-en-Auge. The calvados from Chateau du Breuil used to be one of the best known in France when it was the property of the Bizouard family; recognisable on every drinks trolley by the distinctive, clapper-shape of its bottles. Du Breuil's calvados is perhaps the least appley of the lot, with a very dry style. The Royal even has a slight rustic note, so that one has no trouble conjuring up an image of a Normandy cow munching windfalls in the orchard.

■ *Information: Camut calvados is imported by Windrush Wines of Cirencester, tel: 0285-67121.*

Drouin is imported by Michael Druitt, tel: 071-493-5412.

L. Dupont is imported by Eau de Vie, tel: 071-724-5009. Stockists in London include: Harrods; Lea & Sandeman, Fulham Road; Bloomsbury Wine and Spirits, Bloomsbury Street.

Chateau du Breuil is not yet imported into the UK.

Wine Auctions

THE MARQUESS of Salisbury will not be holding any more big dinner parties – next Thursday, at Christie's, he is selling his last jeroboam of 1864 Chateau Latour. The jeroboam, equivalent to six normal bottles, has nestled in the cellars at Hatfield House since it came over from Bordeaux. At some period, it was swathed in brown paper to protect it from the light and to ward off oxidisation.

The bottle will excite serious collectors. The 1864 was one of the finest vintages of the 19th century – Queen Victoria served first-growth Lafite and Latour regularly – and the appearance of a jeroboam is unprecedented. In 1877, Christie's was selling this Latour at around 185 shillings a dozen magnums. Next week, the jeroboam is estimated at more than £2,500 – but a word of warning: the wine level has slipped down to the shoulder of the bottle, which could mean that it has passed its best. It depends if the air above it is benign. The buyer will have an anxious moment before he serves this rare remnant.

The jeroboam is the star of a spectacular wine auction, the best at Christie's for many years. This is an ideal time to buy; prices for rarities are roughly at the level of a decade ago. Many of the over-excited collectors of the mid-1980s are sitting on wine they could sell only at a loss; but death makes a nonsense of such calculations and the backbone of the auction is the Parisian cellar of the late Cariar Kaspia, the great caviar king.

Here are all the premier growths in excellent vintages. They range from four bottles of Lafite 1844 (estimated at up to £2,600 each), through the outstanding 1921 Chateau Yquem (up to £800 a bottle), on to the famed 1945 Mouton Rothschild, and beyond. Many of the wines, including the early vintages, have been tasted by Christie's expert, Michael Broadbent, who remains convinced that the pre-phylloxera vintages retain a distinction not matched after 1880.

This is essentially a sale for serious wine buffs, but on July 2 Christie's will be selling claret and white Bordeaux for everyday drinking. Next Thursday's sale offers wines that will be bought by brokers to sell on to the world's grand hotels and restaurants; in particular, to the newly-opened and under-stocked – a third of the lots at Christie's last auction found their way to the Regency Hotel in Hong Kong. But the other two strands are *curiosities that* would give the rich pause: a selection of Tokay and of the 1792 Madeira. The two have a strong bond – they are the two longest-surviving wines. There should be few worries about drinking well-preserved 200-year-old Madeira or Tokay.

The Madeira includes eight bottles of the famed 1792. One, estimated at £500-plus, is particularly well-travelled. It was part of a "pipe" taken on board the ship transporting Napoleon to exile on St Helena when it stopped at Madeira for supplies. But the former emperor's gastric troubles prevented him from drinking the wine.

In a nice twist, Sotheby's fine wine auction on Wednesday includes a bottle of 1818 Grande Fine Champagne cognac, embossed with a crown and and bearing the word "Restauration" – obviously produced to celebrate the restoration of the monarchy in France.

■ *A report on the sale will be carried in Friday's FT.*

Antony Thorncroft

TRAVEL

Ghana: do not rely on magic before 3am

***Leslie Downer** reaches Accra ahead of the trampling crowd*

IN 1972 the Meridien was one of the most splendid hotels in Africa. Straddling the Greenwich meridian, it was the tallest building in Ghana, so high that people said it made them dizzy. When you stepped into the lobby from the heat and dust outside, it was as icy as a fridge. There were liveried bellboys, chandeliers, a fountain with four etiolated stone figures in it and marble floors so polished you could slide across them.

Outside was a huge pool with a diving board and terraces with lawns and trees, like an oasis from the tropical heat. Most decadent of all was the casino, the Zero Room (the meridian is zero degrees of longitude). The hotel is in Tema, at that time a spanking new port city, the Wanchai or the Marseilles of Ghana, and the Zero Room was always packed with reckless buccaneering types with money to spend – seamen, adventurers, international travellers.

Tuxedoed croupiers with white gloves manned the roulette tables and fortunes were won and lost. For schoolboys up from the bush it was an awe-inspiring sight. One recalls how he timidly put a few pence into a fruit machine. Bells started ringing, people gathered round, and money began tumbling out. Finally the cashier came and counted all the coins and changed them into notes. It came to more than £100.

Today you would never guess at the Meridien's splendid past. The air-conditioning was turned off years ago, and shipping offices now occupy the luxury suites. The floors are scratched and grimy, the lifts do not work, the chandeliers have been ripped out and replaced with dangling light bulbs and the pool is dry and crumbling. Plastic sheets cover the tables in the Zero Room.

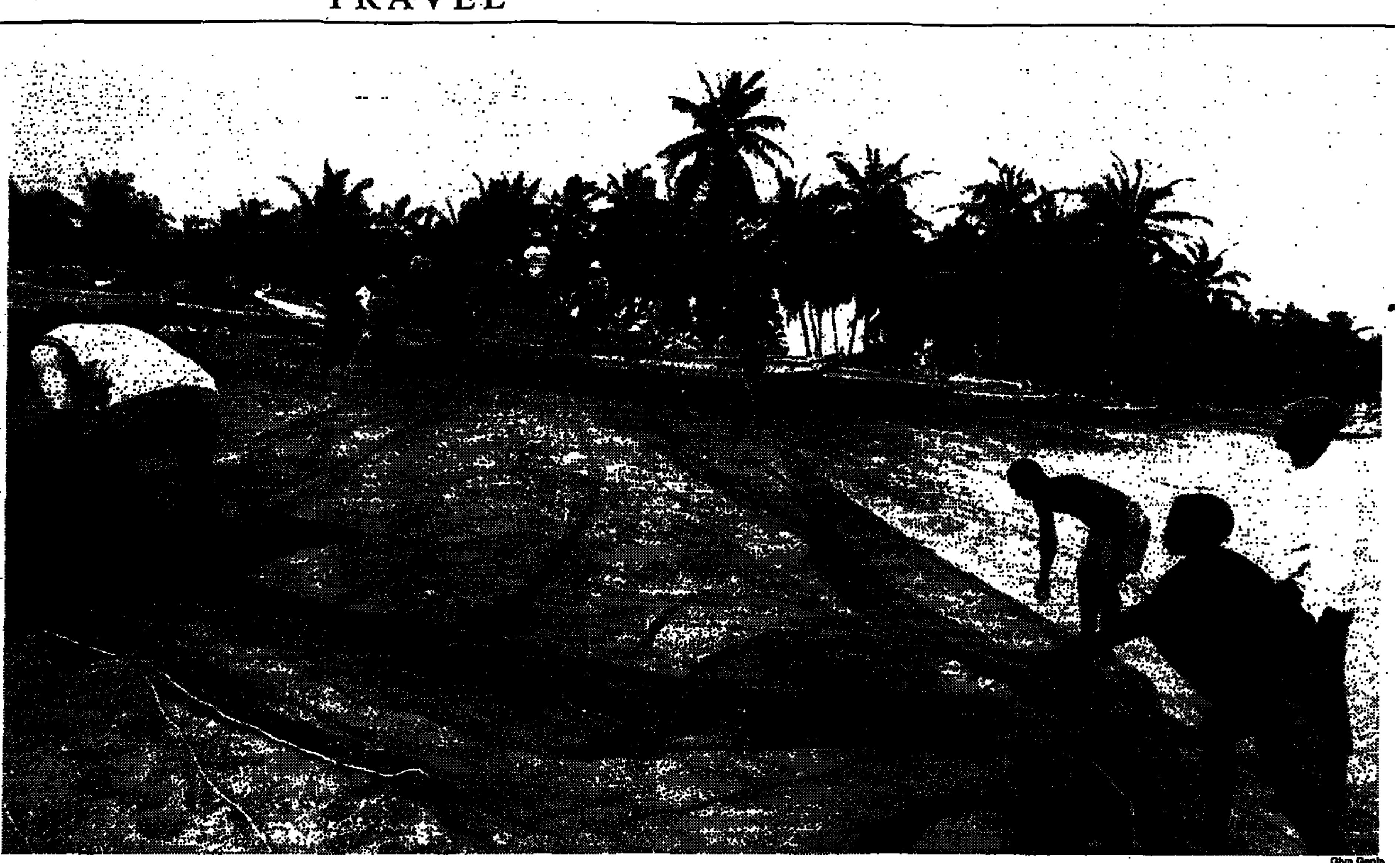
Ghana is a great place for intimations of mortality. It is full of crumbling stucco, grand buildings gone to seed, deserted hotels where elegant young men once propped up the bar, and fine straight roads pitted with potholes. You can see the history of the past 20 years etched into the fabric of the place.

It is a sad tale of extravagance, incompetent government and spectacular corruption. Colonel Acheampong, the military ruler from 1972 to 1978, was accused of having salted away $100m in Swiss bank accounts before meeting his come-uppance, and things got so bad that when the rains didn't come everyone said it was Acheampong's fault. "I am not God," he replied.

Since then there has been desperate hardship. As recently as 1988 there was starvation and airlifts of food, though now the economy is improving at last and there are goods in the shops again.

We arrived in Ghana at the height of the dry season, when red dust swirls around and gets into your toes, eyes and hair. Accra, the capital, is a city which has not sealed itself off from nature as successfully as most. The red dust encroaches everywhere. Instead of pavements, you walk along the edge of the road, on dusty rutted verges. There are palm trees and scrubby grass between the squat buildings and rows of coconut palms edging the ocean.

Accra spreads for miles along wonderful silver beaches. You can sit at the bar of the Riviera, another faded hotel with a dried-out pool, and watch the Atlantic breakers, yet still be in the heart of the city. At night, bullfrogs croak hoarsely from the stagnant drainage channels which line the streets, and cicadas trill; in the morning you might be woken by cocks crowing.



Catch of the day: fishermen gather in their nets at Pram Pram on the Ghana coast

Glyn Genin

Besides its romantic seediness, the seductive thing about Ghana is that almost no-one knows about it. In Accra the white faces belong to businessmen and engineers, often British; in the port cities they belong to seamen, who seem ill at ease at the sight of a white woman. Perhaps it is because, like all port cities, there is a sizeable red-light district, and a white woman reminds them too forcibly of their reproachful wives back home.

The most romantic of the port cities is Takoradi, a four-hour drive down a mercifully unpitted road from Accra, through lush rainforest and groves of coconut palms. Like everywhere in Ghana, it has seen better days. But it is still a grand and leisurely town, with broad boulevards which lead past tumble-down stuccoed buildings with shutters and parapets, up to the Harbour View.

We sat here and had beer and pepper kebabs, while the seamen at the neighbouring tables, each with his prostitute, avoided my eye. Boats tacked back and forth and there was even a railway line – though, like everything in Ghana, it is nothing but a memento of better times. People walk up and down the line with bundles on their heads, and in all the time I was there I never saw a train.

In the evening, like everyone else, we took a stroll along the main street. Ghana is practically on the equator and the climate is like a perfect June day all year round, with hot days and balmy nights. Life really begins at dusk, when everyone emerges from the cool of their houses. People squat in doorways, laze on doorsteps or parade up and down, laughing and talking.

The grand decaying buildings turn into a backdrop and tiny stalls spring up in their shadows, lit by flickering yellow kerosene flames, the only street-lighting there is. Between two decrepit stone lions a couple of women swathed in brightly-coloured cloths were selling whole smoked fish, balanced in intricate piles, and *kenkei*, steamed maize meal in bamboo leaves.

Other stalls offered rice, "bush meat," goat stew, plantain, tea (with evaporated milk – there is no fresh milk in Ghana), ice-cream, cigarettes or biscuits.

We had decided to take in a magic show at the Zenith Hotel. Outside, posters proclaimed that the world-famous Professor De-ago would kill his wife Nana Ama, cut open her stomach, pull out her intestines, eat them, and then bring her back to life.

This had to be seen. We paid our 300 cedis (about 50p) and went in. The "hotel" turned out to be a theatre, with a balcony and a huge stage. Once our eyes got used to the darkness we saw that there were only hard school benches to sit on, and the stage was lit by two light-bulbs swinging from a cord. By midnight, nothing had happened. Magic, apparently, never begins until at least 3am. We finally gave up and went to bed.

For all its mood of grand decay, things are definitely looking up in Ghana. Foreign investors are returning and in the last couple of years several luxury hotels have opened, even more splendid than the Meridien used to be. Last August saw the opening of Ghana's first five-star hotel, the Labadi Beach, in Accra. Stepping in from the hot dusty road outside is a positively surreal experience. The vaulted lobby, of Ghanaian timber, is as icy as a fridge. Outside a fountain plays, surrounded by lawns and flower-beds, as green and lush as an oasis. The only thing missing is a casino.

■ Ghana is gearing itself to welcome tourists, though for adventurous travellers now is the time to go. Four airlines fly to Ghana from the UK: BA, KLM, Swissair and Ghana Airways. The fare is about £1,112 for a one-month return (PEX up to 25 days: £919), or a little over £500 through a bucket shop.

■ **Accommodation:** There are hotels to suit every taste and pocket in Accra. Kyn's Hotel in Osu has air-conditioned doubles for about £13 a night; the Sunrise has smarter rooms and a pool for about £30; the Labadi Beach offers luxury and the best beach in town for $180. In Takoradi the best hotel is the Ahenfe, with doubles about £11.50 a night.

■ **Maps and guidebooks:** There is an excellent map put out by KLM and Shell (£7.95). Lonely Planet's *West Africa: A Travel Survival Kit*, (£7.95) has useful information. If you can get it, *Ghana, A Travel Guide*, published by the Ghana Tourist Board, is much more detailed and less opinionated.

Homage to a cleaner in Catalonia

***Teresa McLean** enjoys the friendliness and unfailing good humour of the people in one of Europe's untamed corners*

YOU have not lived until you have tried explaining to a Catalan cleaning lady that a dog has defecated at the door of your hotel room. The woman spoke neither English nor Spanish, only Catalan, which I do not speak. It had to be body language. Encouraged by other members of the hotel staff, I struggled to explain what was wrong. Eventually the cleaner dipped her mop in her bucket and let it drip suggestively.

I started barking. My husband had long since taken refuge in a café and I soon joined him. It was a great relief to find, on returning to our room later, that the floor near the door had been scrubbed spotlessly clean.

This dog muck episode reflects the chief characteristics of the Catalans we met: their cheerful kindness and helpfulness, alongside the enormous difficulty we had in communicating with them. A few people speak a few words of French or German; hardly anyone speaks English; many people speak, or at least understand, both Catalan and Spanish (known as Castillian), but most people we met took pride in sticking to Catalan.

It is unlike any other language I have heard, but apparently has Latin-based roots in common with southern French, some Italian dialects and Romanian. If you are rash enough to try pronouncing it, salvation lies in peoples' unfailing good humour, which stops short of guffaws of laughter.

In our 17 days there, the nearest I can remember to a bad-tempered remark was a lady in a bread shop asking us not to touch the loaves on the shelves. Usually shops and markets were only too quick to hand out free samples of anything they had. Bakers took particular pleasure in giving us free slices of coca, a Catalan pastry-bread, the sweet variety often covered with crystallised fruit, pine nuts and sugar.

Most coca is nice, but most Catalan food is not. I suspect Catalonia is one of those places, like England, where you find better food in people's homes than in restaurants. Apparently, you can enjoy superb fish cookery on the coast, but we were inland.

Fine foods grow: olives, nuts, huge tomatoes, homicidal onions, honeydew melons, plums, grapes, peaches (the staple Catalan fruit) and the great provincial pride and joy – wild fungi, sold fresh in the short autumn season, dried the rest of the year.

But these delights die in the cooking, ending up in dull, heavy meals. Lunch is any time between 2.30-5pm, dinner any time between 9.30pm-midnight.

Children take a two-to-four-hour siesta and are still up and flourishing after midnight, helping their parents chew their way through dry pork chops and chips, chicken and chips or *botifarra* (a Catalan version of Cumberland sausage) and chips. The lucky ones might get a squid fritter.

Breakfast is a movable feast and better than the others. Usually we got coffee and croissants, while the sturdy natives drank lager and ate salami sandwiches. Fatty food and smoking are two of the province's favourite indulgences, with gallons of lager and iced rosé to wash everything down. We first got a taste of this after driving about 80 kms through a symphony of stinks, from abattoirs, farmyards, sewers and God knows what else, on our way from Barcelona airport to Vic, an old-fashioned town famous for its 35 churches and its old-fashioned, well-behaved girls.

Vic, like many Catalan towns, is ringed by a fiendish one-way system and we only reached our hotel, late at night, by driving along the pavement, guided by amiable citizens. The receptionist couldn't understand a word we said, so he offered us a beer.

Above all else, Vic stands out for its Episcopal Museum, which is crammed full of art treasures, ranging from stone-age carvings to medieval church decorations and a mass of sculptures, paintings and manuscripts. This year the museum is celebrating its centenary and though you cannot hope to fit all its glories into one visit, it would be a crime not to try.

Catalonia's religious art is far more beautiful and varied than I had expected, though the damage done by the civil war, even in the tiniest places, was often catastrophic. Some religious buildings, however, escaped unhurt. We walked round several sets of cloisters that had originally belonged to medieval monasteries, the abbey churches now used as parish churches and the cloisters still shady and quiet, with only the occasional fountain and click of a visiting German camera to break the silence.

My favourite example of a medieval church still in religious use is the Romanesque, secular cathedral in La Seu D'Urgell, an old town high in the Pyrenees, near the French border. The cathedral has hardly altered over the centuries. It is tall, slender, dark and hauntingly atmospheric, with a large present-day congregation.

The cathedral is in the old, pedestrian quarter of town, which is a warren of covered alleyways and buildings dating back seven centuries, even boasting some ancient grain measures, used today as leaning posts. We were lucky enough to be in one of Seu's old squares when it was showing off the *sardana*, the Catalan national dance, one Sunday evening.

Every weekend the square fills with circles of people dancing the *sardana*, arms on high, hands joined, stepping in rhythmic patterns. A town band provides the music, playing woodwind, brass and an undercurrent of percussion with robust enthusiasm, until the heat and thirst become too much for them.

These are brave men. With the temperature well above 30°F, most men seem to spend a fair bit of time sheltering in bars and playing cards, while women work, cook or talk about men, and weather forecasters stick sun symbols all over maps.

It is money for old rope, Spanish weather forecasting. Small wonder most men have short hair, to stay cool. Alas, the same is not true of their shorts, which hang in loud, loose folds round their knees, topped with bum-bags. Most women have long hair before marriage, when a few of them take revenge on the more comfortable sex by getting one of Catalonia's wealth of hairdressers to cut their hair drastically short.

Both sexes, of all ages, spend leisurely hours sitting on benches, sizing up the haircuts and all other visible features of people walking past while their children charge around and trade in skate-boards. Being stared at is one of the things you have to get used to if you go to Catalonia, or anywhere else in Spain. It is part of Spanish life.

So is sitting in cafés. In a hot, humid month like August, one of the most welcome things this lovely, languid pastime has to offer is iced mineral water, available without "gas" but generally assumed to be more desirable the more gaseous it is. Bubbles fight the heat, which is formidable.

Spring must be the best time to visit Catalonia, when the weather is cooler and the glorious countryside drenched in flowers. Even at the end of a scorching summer, we saw flowers and herbs everywhere. There were spectacular birds, including eagles, red and black kites, hawks, honey buzzards and bee-eaters; spectacular dragonflies and butterflies – too many and various to take in, flying off in thick clouds when disturbed.

But most of the rivers had dried up. The majestic River Segre was one of the few still tumbling past us as we drove through the mountains and hills. The trick with spectacular, dramatic, indeed occasionally unsurfaced and hair-raising journeys such as these, far up in the wilds, is to head for towns which the guidebook describes as quaint or left over from a former glory.

It was not just sadly but with a sense of foreboding that we turned towards Barcelona for the flight home. Somehow it felt frightening to leave such a wild place, where little has changed since the mountains and forests were formed, and go back to the tamed parts of Europe.

The poisoning scandal that haunts Japan

Hundreds are still seeking damages for the Minamata mercury disaster 36 years after the first deaths, says Stefan Wagstyl

SABURO Hashiguchi, *a retired fisherman*, sighs bitterly. "How long must we wait? We will die and our children and grandchildren will have to take up our case." He is talking about his fight to be compensated for Japan's worst outbreak of industrial pollution. His fingers shake uncontrollably, evidence of the damage done to his body by mercury poisoning.

Hashiguchi is one of hundreds of Japanese still seeking compensation in a case dating from 1956. The fishermen of Minamata, a seaside town in southern Japan, were poisoned when they ate fish tainted by toxic mercury dumped into the sea from a plant owned by Chisso, one of the country's biggest chemical companies. The world was shocked in 1972 when a delegation from Minamata went to the first United Nations environment conference, in Stockholm, with photographs of how the worst-affected victims looked. Their deformed bodies were portrayed widely as the price Japan paid for its economic miracle.

Now, 23 years after the first court claim was filed and 36 years after the first deaths, the people of Minamata are still waiting for their claims to be settled. To the embarrassment of the Japanese government, other victims attended the UN's latest conference on the environment, in Rio de Janeiro, to re-state their case.

The heaviest responsibility for the tragedy lies with Chisso. Not only did its plant pour untreated mercury sludge into Minamata bay – it also ignored warning signs and covered-up evidence for 15 years. The injustice was compounded by years of obstruction by the central government – even now, it refuses to admit that it shares any responsibility with Chisso – and local authorities in the Minamata region. The courts also failed to reach an acceptable settlement.

The victims – there are 13 separate support groups – contributed to their own misfortunes, splitting into competing factions and allowing themselves to be hijacked by political interests, including the Japan Communist party (although these quarrels were the natural product of years of frustration). The splits have arisen over differences of strategy, dating from the 1960s when half the victims opted for court action and the others for *negotiation*. At one stage,Chisso fostered dissent by favouring some victims over others, wining and dining them in Tokyo and handing out souvenirs.

In the early post-war years, Minamata was a boom town. Its future seemed assured by Chisso's investments and the company even got a seal of approval from Emperor Hirohito, who visited the plant in 1951. But then, in the mid-1950s, the first cases of what became known as Minamata disease began to appear – patients lost control of their arms, legs, speech and eyesight. Finally, scores died in great pain. Dr Hajime Hosokawa, Chisso's factory doctor, suspected the mercury waste was responsible for the illness and carried out experiments in 1959.

They proved his suspicions were well-founded. He sprinkled waste on cats' food and found they lost control of their bodies, rather like the human victims. But when he reported the results to his superiors, he was ordered to stop the experiments, destroy the cats and stay silent. Chisso continued to pump waste into the bay.

The authorities – including the powerful Ministry of International Trade and Industry – also ignored a study carried out in 1957 at Kumamoto university hospital, near Minamata, which discovered traces of mercury in dead victims' brains. But officials did nothing, so great was the government's commitment to pursuing high-speed economic growth and its ignorance of the enviromental dangers. The town council was reluctant to put pressure on Chisso, Minamata's biggest employer. Politics clouded the dispute when some of the victims turned for support to the Communist party. Only in 1968 did the Ministry of Health and Welfare admit that mercury waste was the cause of Minamata disease, and only then did Chisso stop pumping. By then, 100,000 people had eaten poisoned fish.

One group of victims launched a lawsuit against Chisso, while others stepped up campaigns *demanding* negotations with the company. The actions culminated in violent demonstrations at Chisso's Tokyo headquarters. The company held out, trying to minimise its responsibility. But much of its case was destroyed, however, when Dr Hosokawa told court officials the truth about the cat experiments as he lay dying in hospital in 1970.

Even then, the excruciating slowness of Japanese judicial procedures meant that it was not until 1973 that the Kumamoto district court found *Chisso guilty of negligence and* ordered it to pay damages of between Y16m-Y18m, depending on the severity of victims' disabilities. The verdict was not the end of the legal battles, though.

The court left it to a government-appointed panel of doctors to establish the medical criteria under which compensation would be paid. Under these rules, 3,000 people have been certified as victims. They include all the most serious cases, including children who were poisoned before they were born when their mothers ate tainted fish. Many of these foetal cases suffered hideous congenital deformities. But a new dispute erupted when the authorities, using the government doctors' criteria, started rejecting claims from many people who thought they had been poisoned. To date, 12,000 patients have been turned down.

The rejections spurred more lawsuits. Some claimants sued Kumamoto prefecture, successfully, for negligence in handling testing procedures; this forced the authorities to accelerate the examinations. Early in the 1980s, other groups filed precedent-setting suits claiming damages from the prefecture and the national government as well as Chisso. The suits accused the authorities of being negligent in failing to monitor properly the water quality in Minamata bay. The authorities retorted that, at the time of the incident, the law did not require either the prefecture or the government to carry out such checks. (Japan's tough anti-pollution laws were not passed until the early 1970s).

The claimants won a major victory in 1987 when the Kumamoto district court ruled that the authorities had indeed been negligent. But the joy proved short-lived. The government and prefecture appealed to the high court in Fukuoka, the biggest city in southern Japan; five years later, the case is still under review.

Early this year, though, a judge hearing a parallel case in the Tokyo district court ruled in favour of the government and prefecture – and rejected claims of negligence. The victims' groups were furious because a verdict given in Tokyo, even at district court level, has a powerful psychological effect on judges elsewhere.

Judge Shinji Arai did, however, give two other key rulings. He awarded damages of Y4m to 42 of the 64 claimants before him – even though none had passed the official medical test procedures. This gave judicial support to their long-held argument that the official tests were framed too tightly. Arai also urged the government and the prefecture to settle out of court since they bore "political responsibility" for the incident. That remark was aimed squarely at the Tokyo government.

Although he did not say so, Arai knew as he gave judgment that Kumamoto prefecture was willing to talk peace with the victims. In 1990, the prefecture, led by then governor Morihiro Hosokawa, had broken ranks with the national authorities and started to seek a negotiated settlement. Hosokawa, a maverick politician who has since resigned, says: "What we did was unbelievable for the [national] government. I had to go to Tokyo to explain my decision personally."

The nub of the argument is what to do about claimants who have some symptoms of Minamata disease but fail to meet the official criteria. Ten years ago they were dismissed as malingers by, among others, Yasushi Morishita, a former *leading official* of the ruling Liberal Democratic party, who said: "I, too, would like to live in Kumamoto prefecture and be certified as a victim." Today, public officials are more cautious; but the doubts remain because symptoms, such as a loss of control over limbs, can be a sign of other conditions.

Hosokawa says 8,000 more people could become eligible if the criteria were extended. The people in this "grey zone" could receive smaller payments than the original minimum of Y16m – perhaps Y4m, as awarded by the Tokyo court. The prefecture would agree to such a settlement. So, probably, would Chisso, which would pay the lion's share. But the national government refuses to agree, even though the money would not be described as "compensation" but as some form of ex-gratia payments.

The view of the Environment Agency, which is responsible for Minamata although it was not founded until 1975, is that even taking part in talks would be an admission of responsibility. "The government cannot enforce laws which did not exist in the 1950s," says one official. But some senior politicians would like to force the bureaucrats to make a settlement. One former minister notes: "We should say this was the responsibility of the whole country since the whole country prospered from economic growth." Such suggestions horrify government officials, who fear a precedent might be set for scores of other claims from the post-war years.

To be fair the government has, implicitly, accepted some moral responsibility by guaranteeing the compensation payments being made by Chisso. It has also poured public money into a Y485bn scheme to dredge the contaminated sludge out of Minamata bay and build a waterfront memorial park. But even with the best efforts from all sides, settlement of the last claims remains far in the future. Hiroki Ouzumi, general manager of the environmental department of Kumamoto prefecture, says: "It will take five years if the conciliation talks succeed and 10 years or more if they fail."

While the lawyers argue, Minamata bleeds. Since the 1950s, the town's population has fallen from 50,000 to 36,000. Young people leave to study and do not come back. Fishing, which once employed a third of the work force, virtually has ended. Employment at Chisso has dropped from 3,000 to 800; the company keeps its factory open only because closing altogether would seem like abandoning Minamata. While the rest of southern Japan enjoys an investment boom, new companies shun Minamata.

The damage has penetrated deep into society. Tsuginori Hamamoto, another disabled former fisherman, says that people making arranged marriages avoid potential partners from victims' families. Youngsters going to live in Kumamoto or elsewhere like to forget they ever came from Minamata. Amid such gloom, it is hard to find hope there. The town council and the victims' associations cannot even agree on sharing their records to establish a Minamata disease museum. The fruit of 30 years of bitterness is yet more bitterness.

'You'll just have to trust me'

continued from page I

In retrospect, Walker says, "Maxwell may have wanted me out of the way. It clearly would not have been possible to keep it all hidden. I was going to set up an audit committee for a close look at all the figures, starting on July 18, the very next day."

The stock market, horrified that Robert Maxwell would stay in charge, began to savage the shares. That week MCC shares fell from 202p to 185p, increasing the strain on the private side.

On Friday July 26, Brookes discovered that another £50m had vanished from MCC, although some had trickled back. The company's administrators now believe that part of this could have been used to buy still more MCC shares. Brookes was now faced with a £275m hole. It was time for him to protect himself – and to warn the other directors.

Three days later, Brookes wrote out his resignation. It was untyped – he had not trusted it to the secretaries – but he filled two pages with large, neat, rounded handwriting.

His lawyers had told him: "You can resign, but don't walk out until this is settled – you have responsibilities as finance director. And you must get a full meeting of the board."

Robert Maxwell was abroad when Brookes put the letter on his desk. But Kevin, who seemed relaxed, took a copy and agreed to call a board meeting for 10am on Thursday August 1.

Word spread among some of the directors that the reason for the *meeting was that "the Maxwells* have taken all our money".

Furious, but worried they braced themselves for a confrontation. The anxious group included Brookes, tax director Ron Woods and deputy *chairman Jean Pierre Anselmini*. Five minutes before the board was due to meet, Robert Maxwell, who was still abroad, telephoned to postpone the meeting to the next day. Then, as the directors gathered on Friday morning, he called again and cancelled the meeting.

The Maxwells were fond of challenging the loyalty of their directors. "Are you with us or against us?", they would ask. From that Friday, the answer was: "Against you."

On Sunday August 4, Brookes went into MCC to answer a nagging mystery: how had the private side borrowed more money from MCC than the company had to lend?

By the evening, Brookes had dug up the answer. He telephoned Peter Laister, a non-executive director, and Woods, and told them to meet him at 11am the next morning.

Brookes had uncovered another shock. The mystery money had been "borrowed" from MCC's banks in an highly irregular way. The money was in effect borrowed for one reason but ultimately used for another.

Starting around July 4, when the senior treasurer had gone on holiday, MCC's treasury, under the authority of Robert Maxwell and Kevin, had begun to buy enormous amounts of foreign currencies.

The ground rules of these so-called "spot deals" are that the currency must be paid for by the close of business each day. The world's largest banks, which trade billions of pounds worth of currencies each day, move fast to blacklist any company that does not pay on time.

But MCC did not pay up. Several days later, when the banks bombarded the company's switchboard in fury, the treasury raised money to pay them by entering into more contracts with a second set of banks. Again, it did not pay, until it had struck deals with a third set of banks.

In three weeks, MCC burned its bridges with some 20 of the world's biggest banks. It was a crippling situation for a company that straddled the Atlantic and which had made much of its profits from deal*ing in foreign* exchange.

Despite the seriousness with which they viewed the breach, none of the banks appears to have investigated further. None saw this behaviour as sufficiently worrying to warrant a word to the Bank of England.

Surveying the figures, which showed $100m still unpaid, Brookes came to the sobering conclusion that the frantic deals had halted only because the company had run out of banks. That led him to the even more frightening conjecture that, if the private side was apparently so desperate for money, it could *be in crisis – and that* MCC could be sacrificed in the panic.

The MCC directors who had made this discovery, including the non-executives Laister, Lord Rippon, the former Tory cabinet minister, and *David Shaffer, a US director*, had a clear choice at that point. They could go public with the discovery or they could stay silent. They chose the second course. Had they chosen the first, the Maxwell empire would have died three months earlier than it did, and over £200m of pension and company money could have been saved. But they were unaware of the crisis in the rest of the empire.

The choice was difficult because of the conflict between two sets of responsibilities. Directors have obligations under the Financial Services Act to make public important news *that* could *affect the share* price. But under the Companies Act, they must also act in the company's best interest. The directors guessed, rightly, that if the private side was desperate, it would have *pledged its MCC shares to its banks*. So if they made the loans public, the shares would crash, bringing the private side down too, and MCC would never get its money back.

The next day, early in the afternoon of *Tuesday August 6, Laister* went to consult solicitors Macfarlanes about the conflict. He reported to the group at 4pm: stay quiet – and get the money back.

In retrospect, the directors were in a stronger position than they may have realised. Having chosen that route, they could have pursued it with more resolution. If they had threatened Maxwell repeatedly that *they would resign en bloc and make* their reason public, they might have succeeded in filling in more of the hole in their company.

Instead, the directors appear to have allowed themselves to set *aside their own diagnosis of the cri*sis in the private side of the empire. They relaxed too soon. They were also comforted by the sudden reappearance of some of the money. Over the weekend and during that *Monday, the £275m hole had shrunk* to £135m. "We were deeply relieved," says Laister.

Suddenly, at 5pm, while the directors were digesting Macfarlanes' verdict, Robert Maxwell ordered them to assemble for a board meeting at 6pm in his office. He had chosen his moment well: the directors were calmer than they had been the week before.

Maxwell was seated at his huge black circular table, with Kevin on one side and Ian on the other. The four dissident London directors – Laister, Brookes, Anselmini and Woods – ranged themselves on the *opposite side*.

Maxwell accused them of meeting in secret cabals without the Maxwell family, and ordered them not to take notes, saying that he would circulate minutes afterwards.

Guessing – rightly – that those minutes would never appear, the directors met at 7pm to compile and initial their own version. Brookes says: "We picked Ron's office as it was in the Mirror building – we were less likely to have one of the family barge through the door."

Their minutes note that Kevin had promised that the situation was in hand and he would provide a timetable for paying back the rest of the money.

Laister says: "Not for one second did Kevin or Bob give any indication they were worried. The opposite, in fact." Brookes adds: "We thought it had gone reasonably well. It had been *pretty hostile*, but it was a big step in the right direction."

To the relief of the directors, the temperature inside Maxwell House continued to cool. By August 15, the *private Maxwell* companies had repaid £164.7m to MCC.

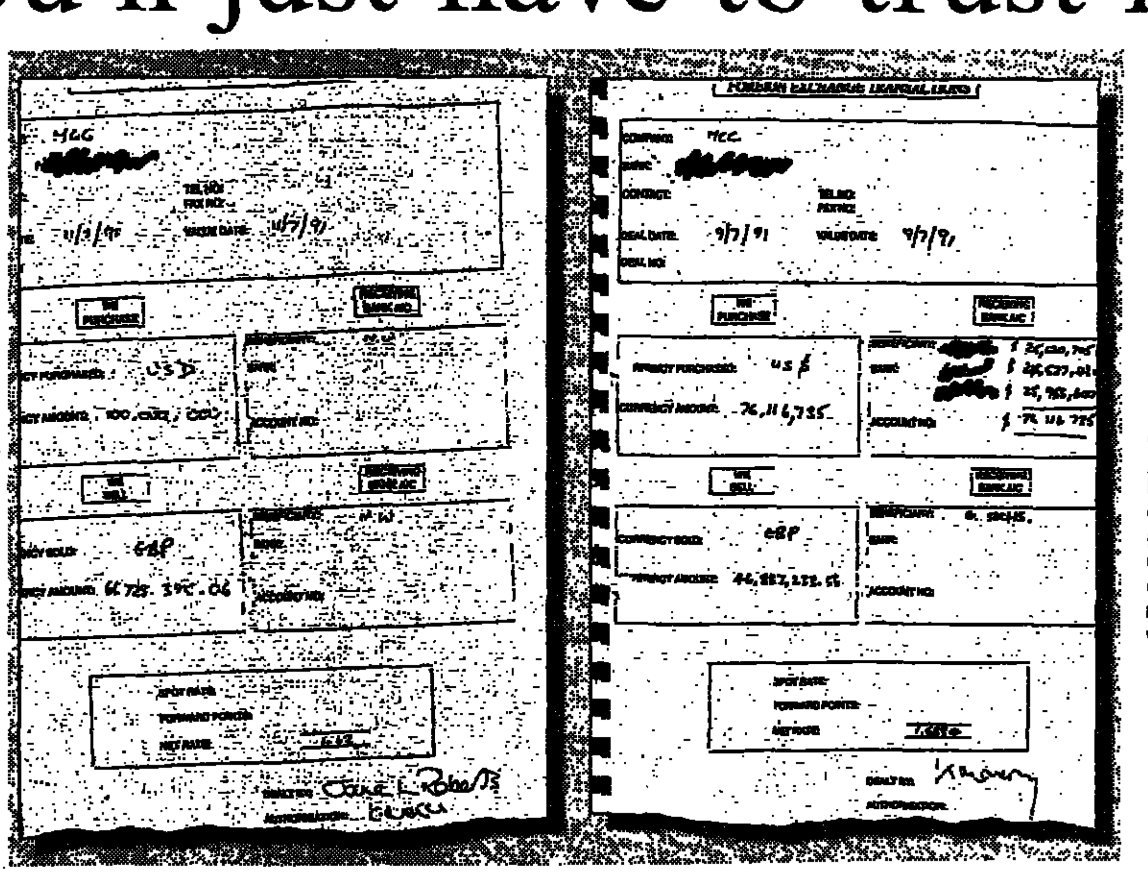
The directors took comfort from the scrawled note from Robert Maxwell, *initialled by Kevin*, on August 21. It said that "the borrowings by Headington Investments from MCC have not been used in any way that would contravene the Companies Act" – a question Macfarlanes had insisted he answer. But it is now clear that by *that point*, the illegal share support scheme had consumed some £250m, almost certainly much of it MCC's money.

They would not have slept if they had known where the £165m that they *gratefully* received had come from:

- £15m now appears to have come from the liquidation of a portfolio of Japanese shares that belonged not to Maxwell, but to Swiss Bank Cor*poration*.
- £60m had come from an extension of the private side's overdrafts: more debt it could not repay.
- £40m had travelled, through the airlocks of several private-side bank accounts, up four flights of stairs and along 200ft of corridors from Mirror Group Newspapers next door.

And the final £50m? It now appears to have come indirectly from the sale of shares belonging to the pension funds of Mirror Group Newspapers and MCC.

MCC's success in getting its money back was at the expense of others. Fires were breaking out right through the Maxwell empire. Every source of money was drying up, and in the following three months Maxwell would raid again and again the money upon which his unsuspecting pensioners were relying for their future.



Alarm bells sounded at some *of the Maxwells' bank creditors* last July, when Maxwell companies started to deal in foreign exchanges in a very unorthodox way. Maxwell *Communications Corporation*, the public company, appears to have indulged in a practice known in the foreign exchange markets as "teaming and *lading*". This involved buying dollars in New York from one bank and promising to deliver pounds in London on the same day. If MCC did not deliver the *pounds on time, which is what* happened in July on numerous occasions, MCC had in effect got itself a short-term loan. One former Maxwell employee estimates that the Maxwells raised at least $100m in this way.

FINANCIAL TIMES

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

READER SURVEY

At the Financial Times it is important for us to know more about you, our readers, so that we can continue to produce a better newspaper for you. Whether you read the Financial Times regularly or only occasionally we would be grateful if you could help us by completing and returning this questionnaire. The survey results will be used by both our editorial and marketing departments.

Your reply will be treated in strictest confidence by RSL, a leading independent market research company. For each reply we receive we will make a donation of one US dollar to a selected charity as a token of appreciation for your help.

Please complete and return the questionnaire using the folding instructions on the reverse.

Thank you for your help.

Yours sincerely,

David Palmer
Chief Executive
Financial Times

ABOUT YOUR READING OF THE FINANCIAL TIMES

PLEASE ANSWER THE QUESTIONS BY PUTTING A ✓ IN THE APPROPRIATE BOX, OR BY WRITING IN THE SPACE PROVIDED.

Q1 How often do you usually read or look at (cc.1)
a) The Saturday Financial Times?
b) The Monday to Friday copies of the Financial Times?

	(a) Saturday FT	(b) Monday to Friday FT
Very frequently – at least 4 issues out of 5	1 (13)	1 (12)
Quite often – 2 or 3 issues out of 5	2	2
Less often	3	3
Never	4	4

Q2 Where do you usually read the Financial Times? (PLEASE TICK ANY THAT APPLY)

	(a) Saturday FT	(b) Monday to Friday FT
At work	1 (15)m	1 (14)m
At home	2	2
While travelling	3	3
Elsewhere	4	4

Q3 How many other people usually see your copy of the Financial Times?

	(a) Saturday FT	(b) Monday to Friday FT
One	1 (17)	1 (16)
Two	2	2
Three	3	3
Four	4	4
Five or more	5	5
No-one else	0	0

Q4 On which day of the week do you normally read the Saturday Financial Times? (PLEASE TICK ANY THAT APPLY).

Saturday 1 (60)m
Sunday 2
Monday 3
Tuesday or later 4

ABOUT TRAVEL & HOLIDAYS

Q5 Approximately how many international air trips have you taken, in the last 12 months? (PLEASE COUNT A RETURN OR ROUND TRIP AS ONE)

	(a) On Business	(b) For Pleasure
None	0 (18)	0 (19)
1 - 2	1	1
3 - 5	3	3
6 - 9	6	6
10 - 20	8	8
21+	9	9

Please answer Q6 if you have travelled on business, if not please go to Q7.

Q6 For business trips, which class of air travel do you usually fly?

First 1 Economy 3 (20)m
Business/Club Class 2

Q7 Which of the following destinations outside your country of residence have you flown to on business or pleasure in the last 12 months? (PLEASE TICK ANY THAT APPLY)

Belgium	1 (21)m	Middle East/ North Africa	1 (23)m
France	2	Other Africa	2
Germany	3	USA	3
Italy	4	Canada	4
Netherlands	5	Central/ South America	5
Nordic Block	6	Japan	6
Spain	7	Hong Kong	7
Switzerland	8	Singapore	1 (24)m
United Kingdom	9	Other Asia	2
Other Western Europe	1 (22)m	Australasia/ South Pacific	3
CIS/Other Eastern Europe	2		

Q8 Which, if any, of these types of holiday, including those added on to business trips, have you taken in the past two years? (PLEASE TICK ANY THAT APPLY).

A summer sun holiday	1 (61)m	A visit to friends or relatives	1 (62)m
A winter sports holiday	2	A special interest package (eg music festival/safari/ historical interest)	2
A winter sun holiday	3	A long haul holiday to an exotic destination	3
A spa or health farm holiday	4	A weekend or short break (2 or 3 nights) in hotel accommodation	4
A self-drive touring holiday	5	Other	5
An active sports holiday (eg tennis/golf)	6		

ABOUT YOUR OCCUPATION

Q9 What is your working status?

In full-time employment	1	Looking after home full time	5 (27)
In part-time employment	2	Unemployed	6
Retired	3	Other	0
Studying full time	4		

If you are not working, please go to Q12.

Q10 What is the principal activity of the company or organisation for which you work? (PLEASE BE SPECIFIC eg aircraft manufacturing, investment banking, medical research, management consultancy, etc).

________________________________ (28 - 30)

Q11 Which of these best describes the position you hold?

Owner/Partner	1 (31)	Junior Executive	1 (32)
Chairman/President/CEO	2	Technical Specialist/Engineer	2
Managing Director/ General Manager	3	Politician/ Government Minister	3
CFO/Finance Director	4	Diplomat/Senior Government Officer	4
Director/Vice President	5	Consultant	5
Other Director	6	Other Professional	6
Department Head	7	Other (WRITE IN)	7
Middle Manager	8		

ABOUT YOU AND YOUR HOUSEHOLD

Q12 How many cars do you have in your household, including company owned or leased cars?

None 0 Two 2 (40)
One 1 Three or more 4

If you do not have a car, please go to Q14.

Q13 What is the engine size of your (main) car?

Up to 1500cc 1 2001 - 2500cc 4 (63)
1501 - 1800cc 2 2501cc or more 5
1801 - 2000cc 3

Q14 Which, if any, of the following items do you have at home?

Desk Top Computer	1	Video Camera/ Camcorder	4 (41)m
Portable/Lap-top Computer	2	Mobile Telephone	5
Fax Machine	3	Car Telephone	6

Q15 Which, if any, of the following types of investment do you or other members of your household own?

Shares or options in the company for which you work 1 (45)m
Stocks and shares quoted on your national exchange(s) 2
Stocks and shares quoted only on foreign exchanges 3
Stocks and shares in unquoted companies 4
Government Securities 5
Eurobonds/Other bonds 6
Unit Trusts/Mutual Funds 7
Commodity Futures/Options 8
PEPs 1 (46)m
Investment Trusts 2
Offshore Investments 3
Gold/Precious Metals/Gems (as an investment) 4
Bank/Building Society Savings Account 5
Life Assurance 6
Property (other than main home) 7
Collectables (art, antiques, coins, etc) 8

$ MAKE YOUR COMMENT COUNT $

Q16 How often, if at all, have you personally (or a broker/banker on your behalf) bought or sold stocks or shares on any exchange in the last 12 months?

Once 1 9+ times 9 (47)
2 - 3 times 3 Not traded 0
4 - 8 times 4

Q17 Taking all your savings and investments into account what is their approximate total value (excluding your main home)?

Less than US $45,000	1	US $450,000 - 899,999	5 (64)
US $45,000 - 89,999	2	US $900,000 - 1,749,999	6
US $90,000 - 174,999	3	US $1.75 million - 5.29 million	7
US $175,000 - 449,999	4	US $5.3 million or more	8

Q18 Which, if any, of the following items have you bought, for yourself or as a gift, in the last 2 years?

Paintings or sculpture	1	Couture/Designer label clothing	5 (65)m
Antique furniture	2	Leather briefcase, handbag or travel goods	6
Other antiques	3		
Gems or precious jewellery	4	A quality watch	7

Q19 From which, if any, of these brands/retailers have you bought goods in the last 12 months? (PLEASE TICK ANY THAT APPLY).

Aquascutum	1 (66)m	Daniel Hechter	1 (67)m
Burberry	2	Jaeger	2
Hugo Boss	3	Lacoste	3
Chanel	4	Karl Lagerfeld	4
Christian Dior	5	Marks & Spencer	5
Dunhill	6	Yves St Laurent	6
Giorgio Armani	7	Other designer label	7
Gucci	8	Any bespoke tailor	8

Q20 In which, if any, of the following sporting activities have you participated in the last 12 months? (PLEASE TICK ANY THAT APPLY).

Swimming	1 (68)m	Cricket	1 (69)m
Jogging/Running	2	Golf	2
Tennis	3	Hunting/Shooting	3
Squash	4	Boating/Sailing	4
Soccer (football)	5	Skiing	5
Rugby	6	Other sports	6

Q21a Do you own more than one home?

Yes 1 No 2 (70)

Q21b If yes, do you own a home outside your main country of residence?

Yes 1 No 2 (71)

Q22a What is your country of residence?

(PLEASE WRITE IN) ________________ (48-49)

Q22b What is your country of citizenship?

(PLEASE WRITE IN) ________________ (50-51) (52-53)

Q23 Are you ...

Male 1 Female 2 (54)

Q24 How old are you?

Under 25	1	45 - 54	4 (55)
25 - 34	2	55 - 64	5
35 - 44	3	65 or over	6

Q25 Into which of the following broad ranges does your personal gross income from all sources fall?

Up to US $34,999	1	US $110,000 - 184,999	4 (56)
US $35,000 - 64,999	2	US $185,000 or over	5
US $65,000 - 109,999	3		

Q26 Which one of these charities should benefit from our dollar donation given on your behalf?

Red Cross/Red Crescent	1	Cancer Research	4 (57)
UNICEF	2	Venice Restoration Fund	5
World Wide Fund for Nature	3		

THANK YOU FOR YOUR HELP

PLEASE RETURN THE QUESTIONNAIRE ACCORDING TO THE INSTRUCTIONS ON THE REVERSE TO:

Mrs Dawn Mitchell
RSL – Research Services Ltd. (FTR)
Elmgrove Road,
Harrow,
Middlesex HA1 2QG
England

Tel: 44 81 861 6000 Fax: 44 81 861 5515

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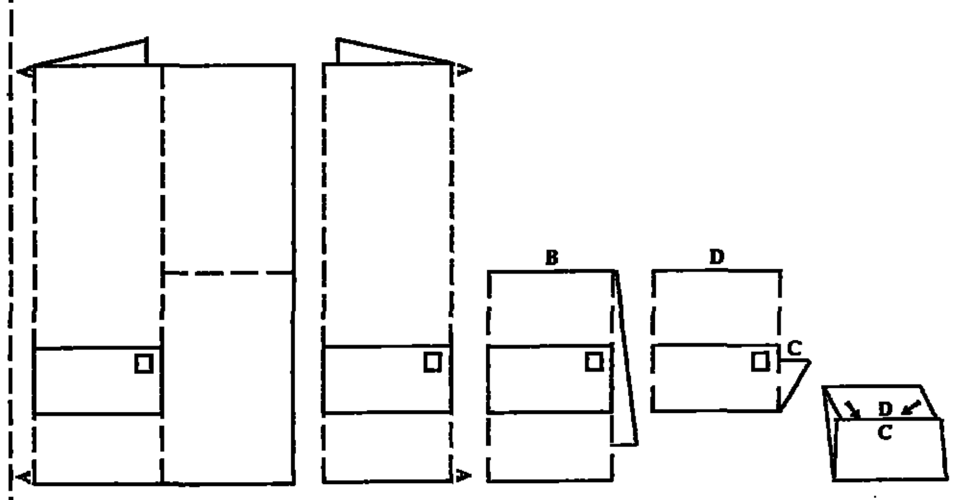

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Then, right side.

Fold in half along dotted line B.

Fold C upwards. Then fold D (flap) down.

Insert D (flap) into aperture C.

AFFIX STAMP HERE

Mrs Dawn Mitchell
Chairman & Chief Executive
RSL – Research Services Ltd
Elmgrove Road
Harrow
Middlesex
HA1 2QG
ENGLAND

C (INSERT FLAP HERE)

A

A

Cricket

Conceived on a rainy day in Birmingham

The England Amateurs tell Teresa McLean that they are no Gentlemen

THE inspiration came during a rainy afternoon at Edgbaston. Not one of the Test Match wash-outs we have just had there, but four years ago.

Frank Elliott was watching the rain and talking to some friends about the hardships of English cricket. Out of the blue, or strictly speaking out of the drizzling grey, he had the idea that they should found an English amateur team. His friends agreed and, he said with a shrug: "Things got going."

Things connected with the English Amateur XI are blessed with insouciance, as one might hope of a side that does not play cricket for money. But they also show a strong sense of realism, as one might expect of a side conceived on a dismal day at Edgbaston and kept alive in the face of powerful professional pressures.

The English Amateur XI are not the country's amateurs of old, the Gentlemen who played an annual game against the Players, professional cricketers, from 1806 until 1962, when the distinction between Gentlemen and Players was deemed out of date and undesirable. The new Amateurs do not want to be the new Gentlemen. "We're not like that at all. We wouldn't like to be. There is no class or anything of that sort in our game. Our purpose is to give people a chance to play cricket for their country."

The Amateurs' manager, Terry Bates, speaks with weary passion, with the voice of one who is used to not being taken seriously. He knew his team would lose their recent match against Pakistan, as indeed they did, by an innings and 16 runs. But he also knew that the game was the team's greatest honour in the three years it has been playing. The players knew it too. To a man they declared themselves thrilled to have been chosen to play against the tourists, whatever the result.

One of them, a slender Australian called Paul Roshier, with pale skin carpeted in black hair, only reflected for a fleeting moment before telling me that the best memory of his cricketing life was getting the wicket of Inzamam-ul-Haq the day before. By then, Inzamam had made 102 out of the Pakistanis' opulent first day total of 332 for 3 declared.

Roshier is a fine cricketer. A few years ago he was on the verge of a career in professional cricket and a place in the Australian Test team. Yet he chose as his pride and joy this one wicket, taken in a two-day game in Luton, in muggy weather, in front of a crowd consisting almost entirely of Pakistanis tirelessly chanting and invading the pitch, as their heroes swanned along towards victory.

Why? As an Amateur he plays for pleasure. And, all games at this high level, however one-sided, are exhilarating. Inzamam is a spectacular scalp, even in Luton. This is the first year the Amateurs have secured a fixture in the tourists' hectic schedule and doubtless they will ensure it is a regular fixture. It puts them up a rank. The Pakistanis did not play patronisingly. Free of strain, they seemed to welcome the opportunity to try out Waqar Younis nice and gently before the Test matches started.

Waqar took a wicket with his first ball on the second day, keeping the Amateurs' fatal first innings collapse going, from 117 for 0 to 174 all out. That style of scoring suits the Amateurs. One feature they have inherited from the Gentlemen is the swashbuckling tendency to produce one or two stars in each game, but they lack the cohesion to give them winning support. They do not make a thorough team because they do not have the time to be thorough. Practice time, like playing time, has to be taken out of the players' annual leave from work. They are impressive, experienced cricketers whose only training time together each year is a long week-end in Lilleshall.

Almost all the Amateurs play for Minor Counties, County Associations or County Leagues. Steve Dean (Staffordshire) and Malcolm Roberts (Buckinghamshire and the Surrey League), who opened the batting at Luton with 80 and 45 respectively, are good examples. Several Amateurs could have been professional cricketers but chose not to be, for personal, family or job reasons. Mel, brother of Nasser Hussain, of Essex and England, and Neil, brother of Bruce French, the Nottinghamshire and England wicket keeper, are among a number who have cricket in the family.

When you meet the Amateurs, one of the most powerful impressions you get is that you are meeting the members of a small, cricketing brotherhood. It is an exceptionally friendly one, only too happy to share its story.

Although team spirit has to look after itself, a vivid sense of identity is an Amateur speciality, even with only a short, erratic fixture list like this season's: the big game at Luton then, more than six weeks later, two away games in two days against Ireland, then two weeks later two away games in two days against Scotland.

Next year the National Cricket Association, which gives the Amateurs the money, facilities and coaching they need to survive, is expanding this home international circuit to include Wales and giving it a proper title: The Triple Crown. Possibly, just possibly, another year or two may see the Amateurs taking on the Dutch, the Danes or any other talented Europeans.

The players prefer not to look further ahead than the end of whatever game they are playing. Nick Folland, their captain, put it neatly: "One at a time is plenty."

He looks like a magazine advert for a cricketer: tall, sunburnt and healthy, born to wear whites. He is a teacher at Blundell's School in Devon where, officially, he teaches geography but, unofficially, helps with cricket. A school with a proud cricketing tradition, Blundell's is generous with the amount of time it gives him to play.

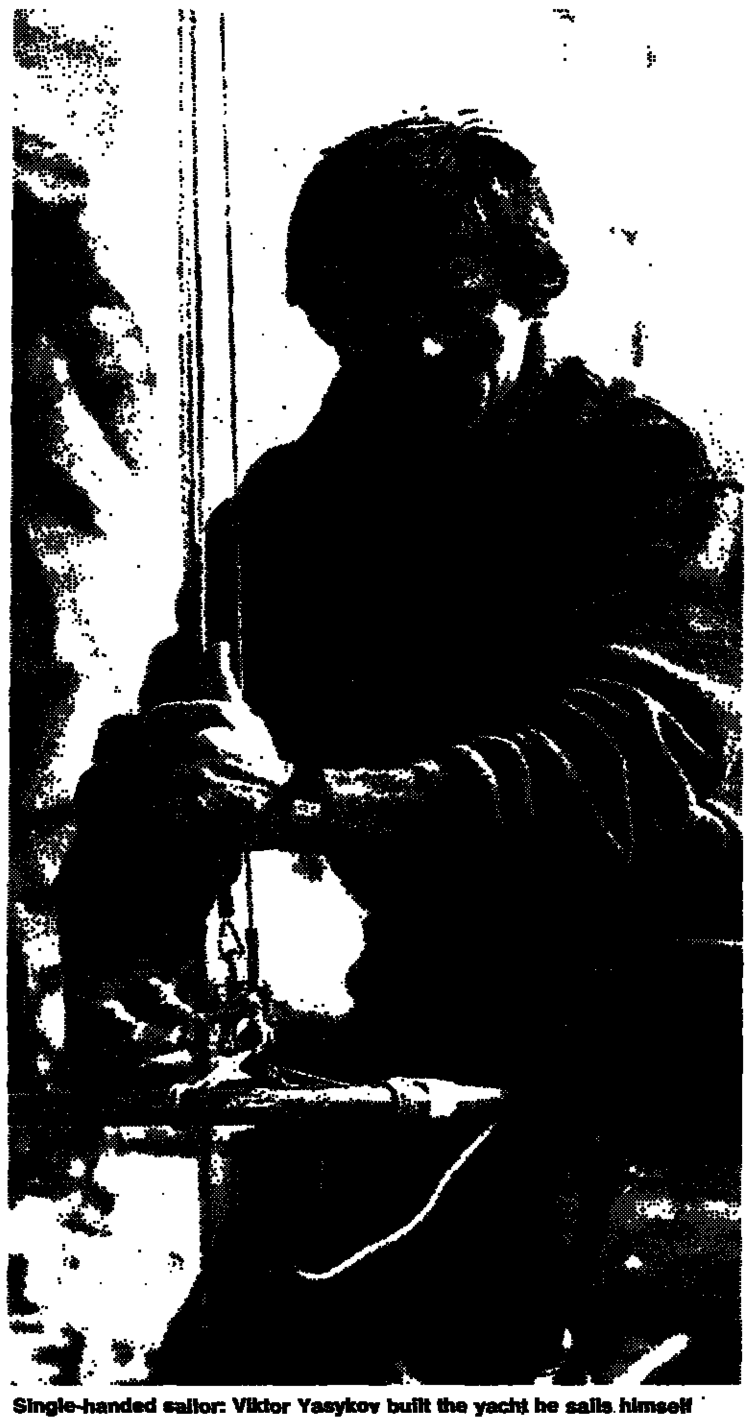
In return, Folland speaks enthusiastically of the school, is a distinguished, enterprising captain of Devon and, when he gets a chance to play for England, as on the fading grass of inner Luton, bats with aplomb. In the second innings, seeing Waqar loosening up and the Amateur wickets falling apace, he knew there was no point holding back and scored an increasingly cavalier 76. It included an almost straight six, which landed next to the small, wooden pavilion where his team-mates sat on the grass, awaiting defeat, cheering his innings.

When he was out, caught behind, Folland walked without waiting for the umpire's decision.

Sailing

Alone on the ocean: the steeliness of the long-distance sailor

Keith Wheatley on two very different men who are racing across the Atlantic



Single-handed sailor: Viktor Yasykov built the yacht he sails himself

TWELVE years ago Florence Arthaud was a freak. An exotically beautiful Frenchwoman, barely 21, competing in the solo transatlantic race. This was supposed to be the preserve of eccentric men with beards, backed by formidable war records. But time passes, and Florence, 35, is favourite to win the 1992 race at the helm of her blue-hulled trimaran *Pierre 1er*.

The race started last Sunday. Wednesday's news that Philippe Poupon, current race record-holder with a Plymouth-Newport time of 10 days 9 hour, was retiring with boat damage leaves the field clear for Arthaud. She is presently gambling on being the most southerly of the leading multihulls. If the Atlantic headwinds back, that is swing to the south, a good each-way bet in midsummer, *Pierre 1er* could be in Newport by Wednesday.

Boat technology has changed almost unimaginably since Sir Francis Chichester won in 40 days aboard the traditional sloop *Gypsy Moth III*, but the inner steel of sailors willing to drive almost without sleep or food towards a personal victory is a constant.

Although the circus of media and minders surrounding Arthaud would baffle Sir Francis, you could put them on deck together and kindred spirits would emerge. This race has always acted as a magnet for mariners with a gleam in the eye – not to say a bee in the bonnet.

Whose passion could run greater than Viktor Yasykov's, the first Russian ever to enter the race? Ever-smiling and almost unnaturally blonde for a man in his forties, Yasykov is a Red Army veteran who was ordered into Chernobyl to spend six months as a nuclear binman. Radiation sickness still afflicts him from time to time.

Yasykov's self-designed and built 29ft boat *Laguna* took him three years to construct in his home town of Sochi, between Georgia and the Ukraine, on the Black Sea. Viktor's wife Ludmilla helped him sail it to Plymouth.

Inside *Laguna* the chestnut planking, fastened with copper rivets, glistens in the light from an oil lamp. The craftsmanship would do credit to any yard in the world. Viktor cast the lead for the keel himself, fashioning the mast and boom from plain alloy tube.

In halting but eager English he talks of reading about the single-handed race in Russia's first sailing magazine.

"It became my dream to build a yacht and take part in this," he explained.

From thought to deed was nearly 15 years. In between, the Fasizi entry in the 1989-90 Whitbread race came into his life. Viktor sailed two legs and the tragic skipper Alexei Gryshenko, who became so overwhelmed by pressure that he hanged himself in a Uruguayan wood, was his closest friend.

"My electronic log was built by Alexei. It reminds me," explains the skipper proudly, pointing to a crude device that looks as if it came from an O-level physics project.

In between preparing for six weeks alone at sea Alexei is fighting a battle with blinkered US immigration authorities who have declined to grant Ludmilla a visa to see him finish in Newport, Rhode Island. He has the passive confidence of a man who can hew and saw chestnut trees and build his own ark.

From those with nothing, to those who appear to have everything, for the Atlantic encompasses them all. Nigel Burgess sells yachts for a living: the kind that have funnels, helicopters on the after-deck and cost Donald Trump $30m. Monaco-based Burgess, 47, has sold the Trump vessel three times. The quiet, bespectacled Englishman is arguably the most successful broker in his field.

Burgess's idea of a holiday, however, is to race his spartan, ferociously fast monohull *Dogwatch II* across the Atlantic, preferably ahead of the opposition.

"If you want the ultimate sailing, this is pretty close. These boats are extremely fast yet relatively easy to manage," said Burgess, whose office overlooks the first corner of the Monte Carlo grand prix circuit.

In its first incarnation as *Charente Maritime*, the water-ballasted yacht came close to winning the Golden Globe solo round-the-world race. Unlike his French rivals Burgess has no sponsor – except his own company with the name painted discreetly on the stern.

"Someone came up to me the other day and said 'How did you get those flash boys to sponsor you?'," laughed Burgess. "They couldn't connect this scruffy fellow, with holes in a old jersey, with Monaco and all that high-life stuff."

He did his first solo transatlantic race in 1968 when he was a 23-year-old junior officer in the merchant navy. He left after a decade, with a master's ticket. Burgess seeks contrasts when he goes to sea for fun. His professional life is all big ships, big deals.

"Sailing a boat this complex and powerful is a whole different game. You daren't sleep when you're close to the coast because you're going so fast," he says. "None of my boats have ever had engines. I'm not mechanically minded."

One of the other competitors remarked recently that this race, held every four years under the auspices of the Royal Western Yacht Club, "is the last remaining mythical sailing event where amateurs are not regarded as strange creatures."

But isn't Burgess kidding himself that even an affluent amateur can take on the fully-sponsored French and Italian entries whose skippers sail full-time for a living? Back in France, Philippe Poupon and Florence Arthaud have the profile of a marine Nigel Mansell.

"I realise that they're fitter and in many ways better prepared than a sedentary middle-aged man who usually goes to work in a suit but they have their problems," said Burgess.

"There is no better motivation than a passion. I'm not doing this as just another race on the circuit. And an average sponsor's pocket is no more open than my own."

Golf/**John Hopkins**

The magic of Monterey Bay

JOHN Steinbeck never knew much about golf. As far as we know he did not play – unlike John Updike, who seems to do little else these days. On the other hand, Steinbeck was plus-four at writing. He was born in California and used his home state as a setting for books. In *Travels With Charley*, for instance, there is a passage in which he climbs to a peak overlooking Monterey Bay and remarks to his companion: "In the spring, Charley, when the valley is carpeted with blue lupins like a flowery sea, there's the smell of heaven up here . . ."

Next week the best players in the world will gather at Pebble Beach golf club on the Monterey Peninsula, three hours' drive south of San Francisco, to compete in the 92nd US Open. They could be forgiven for not keeping their eye on the ball, for no US Open course can match Pebble Beach in splendour of setting.

Robert Louis Stevenson is said to have described the Monterey Peninsula "as the greatest confluence of land and water in the world." Go and stand on the seventh tee at Pebble Beach and you will see what Stevenson meant. To your left is the chocolate-box town of Carmel where Clint Eastwood was once mayor and still owns a restaurant. Drinking tea, wearing tweeds, sitting by open log fires and going for walks are what people do in Carmel.

To your right is Cypress Point, the course which, to my thinking, comes nearest to being the one in the whole world I could happily play for the rest of my life. As you stand in this privileged position, you see beneath you sea lions on the rocks, weaving their fat brown necks from side to side and croaking so loudly it is hard to concentrate on your tee shot.

At little more than 100 yards, the hole is easy on a calm day but as calm days come along in these parts as often as a hole in one, you had better be prepared for anything. "Depending on the wind, it can be anything from a wedge to a two-iron," says Jack Nicklaus. He, more than anyone, should know. Nicklaus and Pebble Beach are locked together in a grip as unremitting as Nicklaus's own. He won the US Amateur there in 1961 and the US Open on the same course in 1972.

In 1982, Nicklaus stood by the side of the 18th green waiting to see whether Tom Watson, at that moment on the 17th tee, could birdie one of the last two holes to tie with him for the US Open. Moments later Watson chipped in to the hole from the thick grass that lapped the edge of the green. It was a stroke of genius, one that he probably could not repeat if he had hit another 1,000 balls, he said. Buoyed by this success, Watson birdied the 18th as well and defeated Nicklaus by two strokes.

Next week's will be only the third US Open ever held at Pebble Beach. When it first moved there, someone wrote, it was like the US Supreme Court turning up in Marrakesh. The US Open was 42 years old before it went further west than Minneapolis and 45 before it crossed the Mason-Dixon line. It was 48 before it moved to California, to Riviera golf club in Los Angeles.

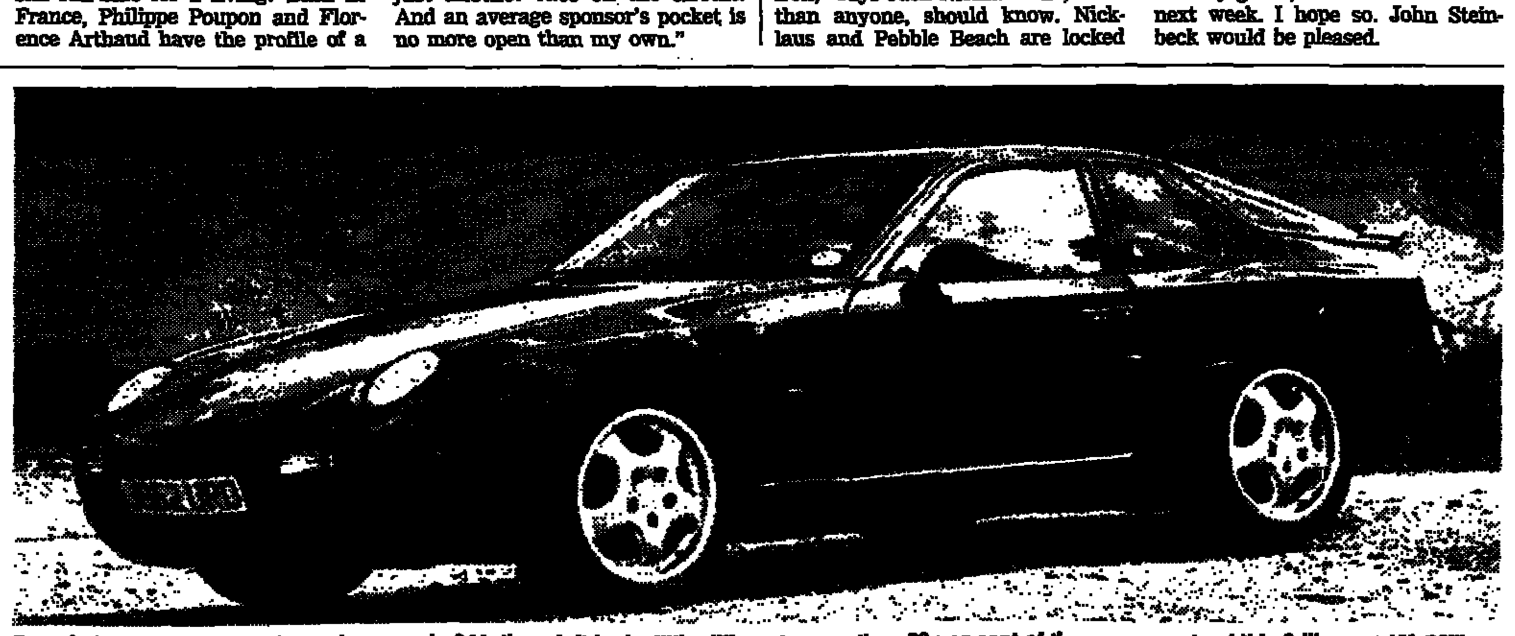
It is not that California does not have enough good golf courses, but rather that the conservatives of the US Golf Association took some persuading of the merit of California. Once they saw what was out there and realised that Pebble Beach was not just a pretty patsy of a golf course – it is almost as difficult as it is beautiful – they could not move fast enough.

The course was designed by Jack Neville, a crack amateur golfer, on land bought by Samuel Morse at the time of the first world war. It had then, as it has today, eight holes on cliffs overlooking Carmel Bay and 10 that wind this way and that. It measures a shade under 7,000 yards. It is a beautiful course which reaches its conclusion with a flourish, a par-five curving like a scimitar along the bay. Gary Player once took an eight at this hole, and Fred Couples a nine.

If previous Opens at Pebble Beach are any guide, we are in for a treat next week. I hope so. John Steinbeck would be pleased.

Motoring/**Stuart Marshall**

Two speedsters with very different pedigrees



Porsche's new 968: more than a born-again 944, though it looks little different, more than 80 per cent of the components of this 3-litre car are new.

THEY WERE fast, compact and made in Germany but, apart from being hugely enjoyable to drive, that was all they had in common.

The Ford Escort RS Cosworth is what aerospace people would call the ultimate stretch of a basic machine. The Porsche 968 is the latest model from a small company that once had a booming business making costly, top-quality sports cars for motoring connoisseurs.

The Escort RS Cosworth came about because Ford is determined to win the world rally championship. The rules for rallying's group A say 5,000 units (2,500 from 1993) must be built in a year before a car can be approved for competition use.

In essence, it is the complete four-wheel drive power train of a Sierra RS Cosworth – itself a formidable motor sport machine – shoe-horned into an Escort body shell. Its two-litre, four-cylinder, 16-valve engine develops 227 horsepower. Driven brutally, the Escort leaps from 0-60 mph (0-96 kmh) in 5.7 seconds – a Ferrari Testarossa takes 5.8 – and has a 140 mph (225 kmh) maximum. All of which is likely to be of academic interest to business motorists who persuade their employers or partners to let them have one.

What the UK insurance companies have to say about this hottest of all hatchbacks will depend on the driver's record and where it is to be kept. Almost inevitably, it will be in Group 20, the highest of all. Even a saintly member of the Institute of Advanced Motorists, with a life-long no-claims bonus and a lock-up garage, will pay a hefty premium. The insurers will decide each case individually. Ford has fitted it with a double-lock security system and an engine immobiliser – and, yes, a police version is already under development.

As everyday transport the Escort RS is pleasanter than you might think possible. Before getting behind the wheel, I had eyed the bonnet top vents, the all-too-obvious aerodynamic aids and ultra-squat tyres suspiciously.

Within 10 minutes, I had been charmed. Forget the aggressive looks. When developing the car, Ford's special vehicle engineering department at Dunton, Essex, ensured it would be easy and rewarding for normal people to drive.

Used responsibly, its slingshot acceleration makes overtaking – especially on slippery roads – quick and safe. Steering response is instant and power assistance ensures parking is effortless. The Escort RS glues itself to a winding road and storms up sinuous hills. But it does not fidget or ride uncomfortably at the sort of speeds possible only on an autobahn (although not, I fear, for much longer). The gearshift is good and the clutch is not a muscle-builder.

A lot of the credit for the Escort RS's civilised demeanour belongs to the Pirelli P Zero Corsa size 225/45ZR16 tyres. They are as squat as the last generation of Formula 1 racing tyres and safe for continuous use at more than the car's maximum speed.

Normally, a very high performance tyre with a cross-section more than twice as wide as high creates lots of road roar and thumping. Pirelli has managed to make the Escort RS's specially developed P Zero Corsas ride with the noise and comfort levels of a tyre three sizes smaller.

Standard and Motorsport versions of the Escort RS are £21,380. A luxury model which costs £23,495 (£23,976 with hide trim) can have a CD player and heated front seats as extras. Firm orders with deposits have been given for 500 of the 700 Escort RS's to be sold in Britain this year. Let us hope they can all get insurance.

The most remarkable things about the Porsche 968s are their prices, starting at £34,945 for a hard-top coupé with six-speed gearbox. A cabriolet with power hood is £38,724.

Had the 968 been introduced two years ago, prices probably would have been 10-15 per cent higher. But Porsche sales have been hit hard by the recession. More realistic pricing is seen as one of the ways back to prosperity.

Porsche's unique Tiptronic transmission adds another £2,152. It can be used as a four-speed automatic or a manual gearbox with instant, clutch-less changes. I reckon it would be worth every penny to an owner who commutes to town during rush hour but likes to shift for himself on the truly open road.

Although the 968 clearly is derived from the 944, which was run out at cut prices earlier this year, 82 per cent of its components are said to be new. The engine is three litres with four cylinders. That makes it sound like something from a truck. In fact, it is very smooth when spinning freely (it has contra-rotating balance shafts) and produces more torque, or pulling power at a given speed than any other naturally aspirated three-litre engine.

When first I drove an open 968 cabriolet in Germany a year ago, I thought it felt like being in a low-flying Tiger Moth, but quieter and much faster. In sunny Berkshire a few days ago, I had to be more circumspect. But even at speeds which do not put licences at risk, Porsche quality shines through.

The power-assisted steering is razor sharp. Reserves of roadholding and handling are too great to be explored on public roads. The ABS brakes are reassuringly powerful. Porsche claims top speeds of 156 mph (251 kph) for the manual car, which has quite close ratios in its silky gearbox, and 153 mph (246 kph) for the Tiptronic.

An Escort RS would beat both to 60 mph (96 kmh) from a standing start – the manual by nearly one second, the Tiptronic by just over two seconds. Does that matter? I doubt it. Porsche buyers are no longer the city wide boys of the loadsamoney days.

Porsche is only too aware of the temptations in the path of posh sports car buyers. Competition includes the twin-turbo V6 Nissan 300ZX (£30,962) and rotary engined Mazda RX-7 (£22,202). The arrival of the Mitsubishi 3000GT in Britain in August (mainland Europe in September) will not help.

Acquiring a Porsche always was more than just buying a new car. It still has connotations of paying the entry fee into a club that is not open to drivers of Nissans, Mazdas and Mitsubishis – or Escort RS Cosworths, for that matter.

The UK is an important market to Porsche. The 968 – also with a group 20 insurance rating – is priced keenly by Porsche standards. It is expected first to hold the fort and then to rebuild sales. It will be followed by a relatively cheap (around £23,000 to £25,000 at today's values) sports car, but this is still several years off.

So what went wrong?

Malcolm Rutherford on Harold Wilson as Prime Minister

AT THE Labour Party Conference in November 1974 James Callaghan paid an extraordinary compliment to the prime minister of the day. "Your contribution, Harold," he said, "in the first 74 years of our birth will probably never be surpassed, and I doubt very much if it will be equalled."

Callaghan was right. Harold Wilson won four out of five general elections for the Labour Party and was prime minister, in separate terms, for more than eight years. Just before Callaghan spoke, Wilson had been proclaiming Labour as "the natural party of government". Yet the praise was also an epitaph. Almost from then on, it was downhill all the way. Some people would say that the decline had begun earlier and even that Wilson was partly responsible.

Certainly it is going to be difficult to convince future generations of the degree of enthusiasm – some of it across party lines – going for the Labour leader when he first became prime minister in 1964, and the belief that Wilson was a dynamic, witty and likeable man, a bit of a boffin who could make things happen. A new start was promised, but it did not come. The obvious questions are what went wrong, and why. Yet there is, I think, another underlying question which is more important: did people simply expect too much?

After reading Austen Morgan's long and immensely detailed biography, it is hard not to conclude that Wilson's governments were much like those that have followed. There was perhaps one exception: that was the heyday of Margaret Thatcher around 1985 when she had defeated the miners' strike, seemed to have come to terms with Europe and to have conquered inflation. But even for Mrs Thatcher triumph did not last: it was back to party squabblings (Westland, the poll tax), inflation resurgent, new problems with Europe and, eventually, her enforced departure.

Wilson began his own account of his 1964-70 administration with the words: "This book is the record of a government all but a year of whose life was dominated by an inherited balance of payments problem which was nearing a crisis at the moment we took office; we lived and governed during a period when that problem made frenetic speculative attack on Britain both easy and profitable." Leaving aside the question of whether his government should have devalued the pound earlier than it did, the background was even worse than he suggested.

It was the sheer pressure of events that dominated. There were strikes, there was Rhodesia, Vietnam, the re-emergence of the troubles in Ireland, conflicts between defence expenditure and defence commitments, as well as the ever present dilemma of how to deal with Europe.

HAROLD WILSON
by Austen Morgan
Pluto Press £25, 625 pages

Some of the problems have been resolved or have disappeared with time: Rhodesia, for example. Even then, it did not happen quickly. In the late 1960s, the Wilson government tried to grapple with trade union reform. It failed, but its Conservative predecessors had scarcely even tried and Edward Heath was no more successful in the early 1970s. It was left to Mrs Thatcher to pull it off, but by then – to borrow a phrase – the time was ripe.

Possibly the Wilson cabinet, which had more than the normal share of able ministers and plenty of fresh blood to call on, should have acted more decisively to cut public spending at the start. But that again would have been against the grain of the time. The fact was that people wanted more public services and thought that they could be financed.

It is sometimes said that many of the alleged failings stemmed from the nature of the Labour Party. Yet that argument, too, looks less convincing in retrospect. The truth is that all big political parties are coalitions. Look at the Tory Party at present as an illustration: it is quarrelling over Europe just as the Labour Party did under Wilson. John Major's task is to hold it together while making what progress he can. Wilson would have been familiar with the problem.

Wilson, in any case, was never much of a socialist. He was an economic liberal who worked with Beveridge, a wartime civil servant and university don who simply believed that the economy could be better run, but not necessarily centralised. The phrase "bonfire of controls" was his in 1948. Towards the end of his spell in office in 1969, he was telling the party conference that while the politics of the 1960s had to do with problems of economic management, in the 1970s they would have to do with the environment, which put him somewhat ahead of his time.

Much later Wilson wrote: "It has never been any part of my political attitude to tear up society by the roots ... The best style of government is like rowing – the ideal solution is to get the boat along as quickly as possible without turning it over." By those standards, and with hindsight, Wilson was not a bad prime minister, certainly in the period 1964-70.

In one area, he was unique in the post-war period: he departed of his own accord. Morgan dismisses the conspiracy theories and argues persuasively that Wilson went because he was bored with government and realised, as he told his press secretary, Joe Haines, that "when old problems recur I reach for the old solutions". That is an admirable admission. The tone of the book is faintly hostile, which is unfair on the evidence presented. It is not an easy read, but gets better as it goes on.

A marriage of letter-writers par excellence

Harold and Vita continue to entertain Anthony Curtis

HOW WELL we know them all by now! Vita intent on her garden and her girlfriends at Sissinghurst. Harold in Teheran, Berlin, London, always at the centre of power, the perfect diplomat working incessantly while somehow finding the time to write diaries, biographies, reviews, and to pursue his discreet affairs with other men. And then there is that other key-player Violet (Trefusis), Mrs Keppel's daughter, mad about Vita and coming within an ace of wrecking the Nicolson's marriage and her own, until forced to retire to her château at Saint Loup. The name that stuck in Proust's mind. And Virginia also mad about Vita, while often mad period.

At least Virginia turned her Vita-madness to good account when she wrote Vita an extended love-letter in which she fantasised that Vita was an English nobleman who lived resplendently through four centuries and changed his sex. She called it *Orlando* and pretended it was a novel. Vita had no idea of its existence until it was published in 1928 – as we learn from this new collection of the letters between Vita and Harold, edited by their son, Nigel:

"My own darling, [Harold] I write to you in the middle of reading *Orlando*, in such a turmoil of excitement and confusion that I scarcely know where (or who!) I am. It came this morning by first post and I have been reading it ever since, and am now half way through. Virginia sent it me in a lovely leather binding – bless her. Oh, Lord how I wonder what *you* will think of it. It seems to me more brilliant, more enchanting, more rich and lavish, than anything she has ever done. It is like a cloak encrusted with jewels and sprinkled with rose-petals".

It is good to know that that was her reaction, but do we really need yet another thick volume of more than 400 pages containing many of the often daily letters by the partners in what must be the best documented marriage in contemporary history?

On Harold's side we have already had the three volumes of his *Diary*, the later one-volume condensed version of it, including new material and letters at times over-lapping with those printed here, and the two volume biography of him by James Lees-Milne. On Vita's side we have previously had her own account of the affair with Violet published by Nigel Nicolson in *Portrait of a Marriage* followed by the frank biography by Victoria Glendinning, then the letters *Violet to Vita*, and the many missives to Vita and entries about her in the letters and diaries of Virginia. Fascinating as all these folk were, is not enough enough?

Well, the short answer to that is, yes; but even so I found myself avidly reading on. What we have not had before quite so fully is the situation seen through Vita's eyes, giving us the chance to overhear the continual marital discourse between the pair. Vita's letters to Harold have hitherto been the missing pieces in the jigsaw and now they fall into place. It helps to abate the sense of surfeit that both of them were absolutely superb letter-writers capable of dashing off a marvellous letter at any time of the day or night however busy or tired.

Harold's are full of fly-on-the-wall setpieces about the great and the good, as on that occasion at the Villa Mauresque, *chez* Mr Maugham, when the Duke and Duchess of Windsor arrived for dinner: "He had on a *tussore* dinner-jacket. He was in very high spirits. Cocktails were brought and we stood around the fireplace. There was a pause. 'I am sorry we were a little late,' said the Duke, 'but Her Royal Highness couldn't drag herself away'. He had said it. Her (gasp) Royal (shudder) Highness (and not one eye dared to meet another)."

Vita's letters are the more domestic and intimate, sometimes terrifying in their depth of insight. Henry Green used to say that people lie like troopers when they are in love, and that statements made in letters on this subject should be treated with great caution. Some of Vita's to Harold in Paris, while he was attending the signing of Treaty of Versailles as part of the British delegation, during the height of the Violet crisis, are a case in point. Cleverly Vita keeps him in play while confessing the overwhelming strength of her passion for Violet; but she is careful not to burn completely the boats of the marriage.

VITA AND HAROLD
edited by Nigel Nicolson
Weidenfeld & Nicolson £20, 452 pages

Having survived that crisis, none of Vita's subsequent affairs with people like Hilda Matheson, producer of Talks at the BBC, seriously threatened their harmonious and usually contented existence. Their strange union now grew in strength and mutual supportiveness and lasted until Harold's death in 1962. Apart from affection and respect on both sides, feelings we watch turning at the end into genuine love, what seems to have kept it going more than anything was the enforced separation. Rarely could Vita be persuaded to move from her beloved territory in Kent, the writing-room, the restored castle, the gardens, the surrounding village.

By contrast, Harold, even after he had given up diplomacy was always on the wing, either to attend the House of Commons as an MP, or to go to some grand reception, or to pursue his research on a biography, as during the long period he spent with the Lindberghs in America, preparing to write the life of Mrs Lindbergh's father, Dwight Morrow. So often apart, Harold and Vita grew ever closer together through the bond formed by this correspondence. Although it was not a marriage that most couples would want to emulate, they showed that, in certain rather special circumstances, it is possible to have your cake and eat it.


Vita in 1910, the year when she first met Harold

Why Gothic runs riot in Oxford

IN ONE of the finest of Oxford novels, *The Last Enchantments*, Robert Liddell begins by describing the suburb which sprouted north of the city during Victoria's later decades: "Here, on either side of boulevards planted with chestnuts, is some of the most remarkable domestic architecture in Europe. Towering yellow brick piles, embellished with purbeck shafts and freestone copings, house the theological colleges of 'modern churchmen'. In a quarter of an hour's walk the student can observe examples of almost every kind of Gothic window: Angevin, Venetian, Spanish and many more. Square and saddleback towers abound. Further up, there are redbrick mansions, several of which claim Ruskin as their architect, and show each some remarkable feature, such as a carved pediment to a porch, or a lavish display of dog-tooth ornament."

Appreciation for North Oxford was not universal at the time Liddell wrote, and the suburb has not yet wholly emerged from the welter of controversy; there will always be dislikers of Victorian Gothic who find it, in another critic's phrase, "arid and gloomy"; but gradually the suburb's splendour and its importance as a complete achievement, a planned Victorian mixed development displaying a marvellous repertoire of style and decoration, have grown on the discernment and affections of the city and of architectural historians alike, with the happy result that only a few of the plans for redevelopment in recent years have been allowed to go through.

In her fully-illustrated and detailed discussion of North Oxford, the first ever written, Tanis Hinchcliffe recounts the suburb's history and takes us almost house by house through its streets. The land it occupies belonged (much of it still does) to St John's College. Northwards beyond St John's gates, in the direction of Banbury, lay the College's 400 acres of fields, a territory whose fate the Fellows pondered for many decades before deciding, sometime about 1850, to venture into property development.

NORTH OXFORD
by Tania Hinchcliffe
Yale £25, 261 pages

A number of architects were involved as the decades passed, some of them local, and there was evolution both in the layout of sections of the estate and in styles of building. Yet an extraordinary unity binds the whole, reflecting the single guiding inspiration – a native sense of the Gothic – which prompted it.

In tracing North Oxford's development Hinchcliffe shows that it was not simply a case – as myth has it – of dons, newly permitted to marry, seeking capacious residences within strolling distance of their Senior Common Rooms. It was in fact the non-academic middle class for whom the estate chiefly grew. But some of the most glorious examples were built for dons.

My college room, where I write this, is in one of the Gothic houses illustrated in Hinchcliffe's book; and when I look across Banbury Road I see another, displaying its pointed arches and coloured bricks to the sun. Perhaps because they are so familiar, these lovely North Oxford buildings do not have the air of specimens in an architectural museum, in contrast to some of the older structures in the city's centre.

But perhaps the celebrity which this book promises them will change that; which is a thought to give pause, for Oxford, except in winter, is already so clotted with tourists that one can barely move in the Broad and High, and members of the University, when dressed for business, find themselves transformed into exhibits by the throngs of camera-wielding visitors. Not long ago, after examining a doctoral thesis, a colleague and I, habited in academicals, walked back to college up the High, and were photographed at every step. Whereas most visitors restricted themselves to one picture, the cheerfully inquisitive Japanese tourists, whose motto seems to be "photo ergo sum", filled whole spools. Now perhaps these cameras will obtrude up St Giles and along the Banbury and Woodstock Roads, poking into the Gothic windows and photographing tutorials in progress.

Still, the treasures of North Oxford are a universal possession, and Hinchcliffe's careful and thorough account of them is to be welcomed accordingly, even if it means that the inhabitants of these glories among the cherry and chestnut trees will have to share them.

A.C. Grayling


Showing off the latest fashions in Juan-les-Pins

Glamour in the sun

"A SUNNY Place for Shady People" was Somerset Maugham's definition of the French Riviera. When Vita Sackville-West, dressed as a man, eloped there with Violet Trefusis, she said her lover was the Mediterranean, while her husband, Harold Nicholson, was Kent. For nearly two centuries British travellers have fled our claustrophobic, cold, repressed island to invent glamorous new lives for themselves in the south. What sparked this love affair, and why does it continue today?

Mary Blume's book is a cultural snapshot with an unusual focus on mainstream social history. Fast trains, free love, a new middle class and changing medical opinion all played their part in the Côte d'Azur myth. When Smollett visited Nice in 1763, his journey took 15 days and cost £120. It did not deter bronchitic Britons, who settled in droves in the early 19th century and paid the local jobless to build the Promenade des Anglais, as much to pre-empt revolutionary unrest as to accommodate the English habit of walking by the sea.

From 1860, Nice was Europe's fastest growing city and the first based on a tourist economy. Cannes' star rose later, after Lord Brougham was detained there in quarantine and built an Italianate villa to pass the time. But in 1850 Monaco was still the poorest state in Europe when François Blanc, of the casino in Bad Homburg, set up his gambling chips, with the Pope as a major stockholder.

COTE D'AZUR: INVENTING THE FRENCH RIVIERA
by Mary Blume
Thames & Hudson £14.95, 208 pages

It was all too reckless and French and naughty for the English, who formed a society for the abolition of Monte Carlo Casino. But gambling, says Ms Blume, epitomised the desire for timeless escape that enticed foreigners to the Mediterranean. "What does one come to Monte Carlo for, if not to lose?" asked La Belle Orfeo, courtesan-lover of Edward VII and Czar Nicholas II, when she died destitute after her gambling sprees. Cannes immortalised her with the twin cupolas of the Carlton Hotel, said to be modelled on her breasts.

Mary Blumes's history hovers between the academic approach of, say, John Pemble's *The Mediterranean Passion* and a gossipy travelogue closer in style to Peter Mayle. Pemble stopped at the Edwardian travellers; Blume continues with the story of the Train Bleu and the 1920s sun worshippers who initiated the first summer seasons – the aristocracy had always avoided high summer. The Blue Train, its interconnecting cabins scandalously inviting midnight liaisons on the way south, was known as the train of paradise. It made the Riviera more accessible and popular and inspired the Diaghilev Ballet, while its bright young passengers inspired Fitzgerald's characters Dick and Nicole Driver. "Do you like it here?" they are asked in the Riviera in *Tender is the Night*. "They have to," a friend replies. "They invented it." In the same way, Mary Blume's hybrid of a book sustains the myth it analyses with elegance and verve.

Jackie Wullschlager

Before and after the Shah

IT HAS become fashionable for exiled Iranians to reminisce, mourning the passing of a "Persia" filled with the scent of pomegranates and the loyalty of loving servants. These accounts are usually written by those deeply embarrassed by Ayatollah Khomeini's Islamic Republic and anxious to show the West that an Iran other than one populated with black-turbanned mullahs once existed.

The strength of Farman Farmaian's book is that she records events that most families – much less an upper class Iranian one – might choose to ignore. Such as the time her mother, fed up with having constantly to harangue her husband for money, used his electric bullhorn to broadcast to the whole neighbourhood that his children had no shoes. Or that financial and other pressures on her mother resulted in her hitting Sattareh as a little girl.

Sattareh was one of 36 children born to Abdol Hossein Mirza Farman Farma, a relative of the Qajar family which ruled Iran for several hundred years until the beginning of this century. The description of her childhood years are the most fascinating in the book.

Sattareh was brought up with her siblings and four of her father's eight wives in his large compound in Tehran. "I accepted his rule, as did everyone, with fear and reverence and distant adoration. He was the lodestar of our busy cosmos and his will held it together."

Despite having a harem and an autocratic disposition, Farman Farma valued a good education for his children, whether male or female. To this end, Sattareh was able to persuade her mother, after her father's death, to allow her to go to the US to study social work.

Since the Farman Farmaians were involved in Iranian politics, the autobiography is rooted in the political turmoil afflicting Iran and its immediate effect on Sattareh's family. The ascent of Reza Shah meant the forcible loss of much of their land to him. Sattareh, like many others was delighted at his overthrow, albeit at the hands of the British, during the Second World War.

DAUGHTER OF PERSIA
by Sattareh Farman Farmaian
Bantam £16.99, 404 pages

She is good at explaining the process by which Iranians came to hate the US. As a young girl, she admired the US because of the value she thought it set on liberty and democracy in contrast to the imperialism of the British. But once Dr Mohammad Mossadegh, who nationalised the Anglo-Iranian oil company, came to power in 1951, "It was the beginning of a long, complex tragedy that would alter forever what I and other Iranians felt about America." Mossadegh was overthrown in a CIA-funded operation drawn up by an irate British government.

Once back in Iran, Sattareh founded the Tehran School of Social Work. But Sattareh was to see her life's work in ruins when Islamic students took over the school during the 1979 revolution and compiled a dossier denouncing her as a counter-revolutionary.

The author's role as a self-appointed saviour of her country can be wearing, but her story and her views are not predictable, nor does she attempt to portray herself and her family as innocent victims of fanatical mullahs. "We, who should have been teachers of the ignorant, did not set an example of leadership, did not sacrifice ourselves, our careers, our cherished dreams, to protest what the Shah was doing to us ... Unlike us, the mullahs had had guts. They had endured jail and exile. They had let themselves be beaten, tortured, and killed to destroy the Shah."

Scheherazade Daneshkhu

BOOKS/ARTS

Summer Fiction

Whatever happened to Harry?

CRYSTAL ROOMS
by Melvyn Bragg
Hodder & Stoughton £14.99. 342 pages

STRIKER
by Hunter Davies
Bloomsbury £9.99. 247 pages

THE BROKEN LANDS
by Robert Edric
Cape £15.99. 278 pages

SODOMIES IN ELEVEN POINT
by Aldo Busi
Faber & Faber £14.99. 343 pages

THERE WAS a bit of a stir in the literary world last year when Melvyn Bragg's current novel, *Crystal Rooms*, was first serialised in *Esquire* magazine. It contained an acid character sketch of a female reporter with "feet too big, legs egg-white, hairless and stocky, topped by sumo thighs" leading up to "belly folds that cascaded over a crotch once boasted as (and still) insatiable." Popular opinion had it that this was a revenge attack on a well-known London journalist, whose last interview with Bragg had savaged both the man and his previous novel, *A Time to Dance*.

Whatever the truth of the matter, Martha Potter is certainly a pretty unpleasant character in the book, both physically and behaviourally. She sleeps around, looks for victims to mug in print, and gets up to all sorts of abstruse behaviour that no nice person would ever contemplate.

But she is not alone, because everyone else in the book is pretty unpleasant as well, whether they are paedophiliac MPs, ageing TV whizz kids, glamorous talking heads or elderly financiers who have seen better days. Almost the only decent character is 11-year-old Harry, an orphan from the North, who is brought to London by his aunt's boyfriend and abandoned outside the Crystal Rooms amusement arcade in Leicester Square.

There he is picked up by a friendly adult who plans to sell him as fresh meat to the paedophile MP. But the plan comes unstuck when the MP falls chastely in love with the boy and whisks him out of harm's way, lodging him with a TV friend who lost her own son in an accident and has never been the same since.

What happens to Harry after that is something of a puzzle however, because the story suddenly divides into several different plot lines, like an exploding firework, and the reader is left gaping at the various bits of it.

Suffice it to say that there is a terrorist assassin in the plot, some masturbation, sexual coupling, power lunches – lots of those – and a great deal about the world of television and the shallow people who inhabit it. The book rattles along smoothly enough and is particularly good, almost Dickensian, when dealing with the trials of young Harry. But he is not on stage very often, and when he isn't it is hard to know who the leading character is or what, in a sentence, the story is about – a legacy perhaps of its original appearance as a five-part serial.

Striker, by Hunter Davies, is a rather less complex read, the alleged autobiography of Joe Swift – soccer star, ladies' man, and ultimate English sporting hero. The story begins in the back streets of Durham and progresses via Roy of the Rovers and trials at Carlisle and Newcastle to an apprenticeship with Spurs and training sessions in the same squad as – gulp – Glen Hoddle and Garth Crooks.

There are women on the way, huge babysitters to start with, then London pickups, then flashy model girls as Joe makes the first team and eventually the England side. He becomes a hero abroad as well as at home, being transferred first to the German league and then to the Italian, for increasingly large sums of money.

At the end of every chapter he shows his manuscript to the people he has written about, who write back to him with a totally different, often hilarious recollection of events. It is an agreeable romp, told unpretentiously by a writer who keeps his tongue firmly in his cheek throughout.

The Broken Lands, by Robert Edric, recreates the story of Sir John Franklin's search for a north-west passage around the top of Canada, a search which began with high hopes in 1845 and ended with nothing further being heard of the expedition for more than a decade. The author has delved into the archives and come up with a grim tale of tongues cut out, mad dogs hanged on gallows, food adulterated by red lead, suicide, snow blindness, lips lost to frostbite and almost every other Arctic horror you could imagine.

It ought to be good – and is, up to a point – but there is an awkwardness about the writing that leaves the reader not entirely comfortable with the log-like progression of the narrative. The characters stumble on through the snow, dropping out one by one until hardly anyone is still alive. As a recreation of events it is true enough, but as the plot for a novel it could have done with more pace and tension.

Aldo Busi's *Sodomies in Eleven Point*, ably translated by Stuart Hood, is not really a novel at all. The main character, for one thing, is Aldo Busi. He writes in the first person and regales us with a seemingly endless list of homosexual encounters, beginning with an Italian youth seduced through a fence on page two, and progressing from there to Morocco and Tunis and more pickups than the average person would ever want to shake a stick at. A very long stick.

The author digresses on the way, giving us the benefit of his views on life and literature – some of them only half-coherent and all delivered in self-obsessed paragraphs which occasionally go on for pages at a time. Holidaying in Kenya, Busi notes with surprise that only one other person at the hotel has ever heard of him or his "novels". He makes it sound like a nice place to visit.

Nicholas Best

Tales of parents and children

PERSISTENT RUMOURS
by Lee Langley
Heinemann £14.95. 294 pages

THE TAP DANCER
by Andrew Barrow
Duckworth £14.99. 181 pages

THE SILENT DUCHESS
by Dacia Maraini
Peter Owen £14.99. 235 pages

IN THE old days, British families in India sent their children home to school at the age of seven or eight. No one thought it odd. But in *Persistent Rumours*, having sent him away (thus proving to the child that she does not love him), James's mother dies, abandoning him twice over. The rest of his seemingly successful life, with its successful marriage (for he is lucky to find the loving, patient Daisy), is spent trying to solve the mystery and fill the emptiness.

The headmaster told him that she was drowned in a shipwreck off one of the Andaman Islands. Later, he returns to his birthplace and hears the rumours. Were there any survivors? Had they a hope among the ferocious cannibals? In old age, determined to discover more, he revisits the Andamans with Daisy. What he finds is dramatic and startling; but it is revealed with such tenderness and credibility that, for all the macabre facts uncovered, it makes psychological truth and a sort of circular sense out of James's fractured life and unlovable personality. Daisy, the quiet heroine, is there to pick up, quite literally, what remains.

Beautifully constructed, the story switches between times and generations in a complex but unconfusing way. At the human level, much is said, obliquely, about deprivation, love and lovelessness, memory, fidelity, the life of the heart and senses, and the limitations of reason. At the intellectual level it makes sense of an ancient mystery, uncovering clues and trailing those elusive rumours. The visual climax, in which what happened is shown as if by lightning, in a flash of childhood memory that tells everything, is at once haunting and brilliant; and the colonial past, the islands' savage inheritance, is linked with today's world in the figures of two old men facing each other briefly across a stretch of water: possibly brothers. With such touches – economy of means, richness of feeling and suggestion – this post-colonial story makes its point.

The Tap Dancer is another tale of parents and children but with a staid chronological technique, a narrative running straight along a decade or so. Richard, Tim, Edward, William and Ben are the sons of a manic, ill-tempered and ill-natured domestic tyrant; William is the narrator.

Father has no friends and no noticeable relationship with his meek wife. A bully and a bore, he hates homosexuals, Jews, socialists, Roman Catholics, "redbrick university cattle" – indeed, almost everyone. Liberals who think views like his no longer exist in civilised society should take a look at him, for he clearly exists and in every phrase rings true. The present accepted ideas of democracy, tolerance and decency of speech and feeling have never come near him. Out of this public-school Alf Garnett, Andrew Barrow has made a comic masterpiece about a fascist beast far superior to Nancy Mitford's one-dimensional old horror, Fa.

Full of sidelong observations and oblique goings-on, discursive events and apparently pointless but cumulatively powerful detail, the narrative reminds me of the magnificent, unemphatic fiction of Natalia Ginzberg, who was everything Father would have hated – Jewish, left-wing, intellectual, foreign. From Wiltshire to the Isle of Man, with occasional outings to London, we follow the progress of Father, poor put-upon Mummy, their dogs, their endless domestic crises.

Barrow has a voice and a style to be taken seriously, and his first novel has more valuable social comment than many a tale of trendy manners; Father, tap-dancing weirdly across the kitchen in moments of glee, has immense vitality and, what is odder, even a certain humanity.

By comparison, *The Silent Duchess*, despite an exotic subject, is wan and forgettable. Taken at the age of seven to watch a 13-year-old boy hanged in Palermo, married at 13 to her middle-aged uncle, Marianna, who is deaf-and-dumb, watches the world and sniffs its smells with a highly developed nose. Her life-story in the barbarous 18th-century Sicilian aristocracy is told with a minute realism that is the book's best quality.

But a touch of magic – she can read people's thoughts – doesn't work, and the longish pieces of monologue from servants vary the tone but fail to persuade. Crammed with information which is interesting but unable on its own to make a satisfying novel, the book fails because its characters are unmemorable. Marianna has little but the pathos of her circumstances, lumbered as she is with the man she calls uncle husband – brutal in bed but, considering Sicilian husbands in general, not so bad out of it.

Isabel Quigly

No fun finding father

THE LOST FATHER
by Mona Simpson
Faber & Faber £14.99. 506 pages

MONA SIMPSON'S critically acclaimed 1986 debut novel, *Anywhere But Here*, provided an exhaustively detailed account of a relationship between a mother and daughter. Now, in her follow-up, *The Lost Father*, Simpson explores the relationship between that daughter, Mayan Stevenson, and her father, a wayward Egyptian-born professor, John Atassi. The difference is that the father is absent, having disappeared when Mayan was a young girl into the vast American wilderness of unlisted phone numbers and unregistered employment.

Mayan is now 28, a lonely medical student living in New York City. Acutely aware that her unresolved feelings for her dad are causing her deep emotional trouble, especially with men, she decides to hunt him down. She hires private detectives, phones the FBI and badgers distant relatives. Gradually, finding John Atassi becomes an obsession, dominating her waking life and clouding her dreams. Her life savings are soon exhausted, her relationships with friends and lovers compromised. And yet, the shards of information she picks up prove more frustrating than enlightening, painting a cubist portrait of a wastrel and con-man who does not want to be found.

Undaunted, Mayan sets out in search of him, to Wisconsin, to the Montana college where her father worked, even to his Egyptian birthplace. Gradually, the strain begins to take its toll on her, not simply the wear and tear of the search but also the psychic bruising brought about by accepting the fact that he has well and truly abandoned her. She is afflicted by the cruel truth that "all you have to do to become somebody's God is disappear." Just when she seems on the verge of wrecking her life she finds him, living a life of unrivalled blandness. He is no god at all, but rather a charming, spineless has-been feeding on dreams of missed glory. Having finally purged the demon of his absence, Mayan feels she can now get on with her life.

The bare bones of this book suggest that it could have been compelling reading – there is something almost mythical about Simpson's overall conception, the way Mayan must travel though a labyrinth of dead-ends and trick corridors before coming to the truth. Some scenes are good enough to make you almost believe that the author deserves the ridiculously fulsome accolades heaped upon her by US critics.

But, in the end, *The Lost Father* is crushed by the weight of its own detail. What could have been a effective 200-page tale becomes an unmanageable behemoth at over 500. Every time I felt myself getting caught up in Mayan's quest I was shunted off into a digression, usually a bit of writing school bravado. All this talent serves to remind you that it is the author speaking rather than her heroine, depriving the book of much of its potential emotional sting. Equally disappointing is the book's resolution, which degenerates into a series of aphorisms that add nothing to the book's psychological weight.

Stephen Amidon

WELL, Christie's pulled it off. In spite of a whacking estimate of up to £1.5m. it managed to sell Richard Dadd's painting, "Contradiction", for £1.65m. yesterday, a record for any Victorian picture.

Dadd painted the famous oval canvas of Oberon and Titania arguing about the changeling boy over four years. He had plenty of time: he was locked up in Bedlam for the murder of his father who he mistook for the Devil.

One of the most famous of fairy pictures it nicely mirrors the ups and downs in demand for Victorian art. In 1870, a decade or so after it was completed, it was valued at 136 guineas. In 1964 Thomas Laughton, brother of the more famous Charles, sold it for £7,000. By 1983, just as the mania for Victorian art was approaching its peak, it made £550,000, at Sotheby's, to the American corporate collector Myron Kunin, at the time a record price for a work of the period. Yesterday the buyer was the dealer Jackie King and it would be surprising if her client was British. Another big export row is on the cards.

The Dadd is so unusual that it is hardly typical of the Victorian market, which has been very depressed recently. Christie's sale totalled almost £3.5m. with over 81 per cent sold. One of the most famous icons of the period, Luke Filde's "The village wedding", showing the happy couple parading down the street followed by villagers, hung, in print form, in a million homes. It was on target yesterday at £275,000. The work was much admired in its day and sold for 1,095 guineas in 1886. By 1982 it had sunk to £38,500, and proved a good buy.

Two other paintings reflect the changing fortunes of Victorian art. Edward Ward's weepy "Last parting of Marie Antoinette and her Son" was regarded as the ultimate in Victorian sentimentality when it was offered at Christie's in 1957. It sold for ten guineas. Yesterday it found a new owner at £104,500.

And Evelyn Waugh was obviously a man before, rather than behind, his time. He collected Victorian paintings when they went for peanuts and owned "The Upset Flower Cart" by W W Atkinson. After his death it fetched a paltry £770 in 1971. Yesterday it was valued at £66,000.

Dealers in Victorian art should have been pleased at the success of the sale but many were hoping for a poor result which would publicly reduce expectations and prices. Only then, they feel, will buyers for anything but celebrated images be tempted back.

The ultimate Victorian beauty: Dante Gabriel Rossetti's portrait of Mrs William Stillman made £88,000 at Christie's yesterday.

Off the Wall/Antony Thorncroft

Christie's magic with the fairies

Dadd's record may not mean a Victorian revival

■ ■ ■

On Monday the London Mozart Players will be performing at the Fairfield Hall in Croydon in a concert sponsored by Nestlé UK. Nothing remarkable about that. Fairfield Hall is the home of the LMP and Nestlé is its big backer.

But the concert is an omen. In September a recording of the concert will be transmitted on Thames TV. It will be introduced by Peter Blackburn, chairman of Nestlé. Sponsored arts programmes will have arrived in the UK. As well as a plug for the company in the credits the hour long programme will carry a commercial break replete with commercials for Nestlé brands. The deal has been put together by Something of Consequence, a company which specialises in making sponsored performing arts programmes.

■ ■ ■

The Ashes must be at the heart of one of the most romantic of sporting stories. An Australian victory in the Test; the ceremonial burning of the bails; the departure abroad with the relic entombed in a vase; their rare return to the UK when the English score a cricket win, only to be hidden in the holy of holies at Lord's, away from the public gaze.

But this autumn the Ashes should be on view (insured for £1m.) at an exhibition of sporting trophies at the Victoria & Albert Museum, along with around 500 prizes of historic, decorative, or amusing interest. The show is the inspiration of Lord Burghesh, whose grandfather mounted a similar exhibition in the 1930s. So great is his commitment that he has pledged £1m towards its success.

■ ■ ■

Where do stocks come from, apart from brokers? From sticks, of course. That is how the word originated, back in the 12th century. The Royal Exchequer cut tally sticks from trees on the banks of the Thames near Westminster. When a deal was done a stick was split down the middle with each party keeping a perfectly matching half.

Over the centuries the Exchequer accumulated millions of these totally redundant sticks. In 1834 it decided to make a bonfire of them all – and proceeded to burn down the old Palace of Westminster. Few tally sticks survived the conflagration, but Sotheby's is offering a group of 21, dating from the mid-13th century, on June 23. They were probably stolen from the blaze and are now estimated at up to £15,000.

Among the payments inscribed along the sides are £6 13s 4d from the Abbot of Abingdon towards the knighting of Prince Edward, the son of King Henry III, and £3 6s 8d from John de Turbevil for contempt. There was obviously money in titles and libels even in those days.

■ ■ ■

Rhetoric as an art form has been out of favour for the last few centuries but there are signs that it is making a come back. Companies seem prepared to pay good money to listen to the puppy politicians at the Oxford Union indulge in laboured speechifying.

The Oxford debates have become an unlikely form of corporate entertainment.

Last month Vanity Fair (wisely jetting in its own main speakers) organised a special debate on whether it was better to be governed by sinners rather than saints (the sinners won), and this week Time Magazine financed an arts versus science ding dong.

It costs around £1,500 to back a debate in the autumn term, with an audience of 1,400 students crowding in, nearer £500 in the exam infested summer term, and, whatever the corporate guests think about it all, the companies get the chance for some discreet head hunting over the dinner.

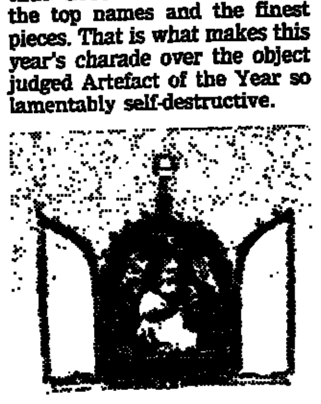
United front falls apart

Susan Moore finds discord at the Grosvenor House fair

THE Grosvenor House antiques fair is supposed to be an event at which the British art and antiques trades unite to wow the world. It is as much a showcase as a marketplace, a triumphant annual display of excellence that confirms London's position as the centre of the international art market.

Traditionally, it is where top dealers unveil sensational stock to the world's richest and most serious collectors, who queue around the block for the privilege of buying it. The fair is also the dealers' trump card played against the auction houses which have been whittling away their business for years.

In these lean times, it is more important than ever that the dealers stand together and that Grosvenor House fields the top names and the finest pieces. That is what makes this year's charade over the object judged Artefact of the Year so lamentably self-destructive.



The pendant at the centre of the Grosvenor House row

The object so honoured by five independent and academic judges of the annual award – which is supported by *The Burlington Magazine* – is a small Franco-Burgundian pendant jewel of around 1400. It belongs to Wartski, a firm distinguished by its scholarship as well as its extraordinary number of royal warrants.

The jewel takes the form of a triptych, its rock crystal ogee-arched doors opening to reveal a free-standing gold and enamel relief of the Madonna and Child above a double reliquary compartment. Only 30 Burgundian jewels of the period are recorded, and this much-published piece is one of the few outside public collections.

Its recent fate is also remarkable. This Artefact of the Year initially was rejected by members of the fair's vetting committee. Stranger still, the same vetting group had raised no objection when it was exhibited at Grosvenor House last year. These vets, predominantly other exhibiting jewellers, now felt it was a composite piece. Wartski, and others, felt the presence of the green-eyed monster.

Director Kenneth Snowman contacted the council of the British antique dealers' association (BADA). A group of museum experts was called in and, unanimously, accepted the authenticity of the piece. It is thought to be the first instance of an appeal being upheld at Grosvenor House. The result was that the jewel came to the fair and won an award, but Wartski will never exhibit there again.

For three years, the firm has asked for independent scholars on the vetting committee in equal proportion to the exhibiting dealers. Perhaps it is about time BADA put its house in order.

Does the fact that the Artefact of the Year was also exhibited last year mean there are too few blue-chip works of art fresh to this year's fair? Certainly, it seems that most dealers are playing safe, hoping to sell in the middle range. Wednesday's opening day did see all the big money but there was activity only on works bearing price tags with a moderate number of zeros, from jades at Spink and clocks at Anthony Woodburn to Leger's small Hogarth and Ackermann & Johnson's Herring.

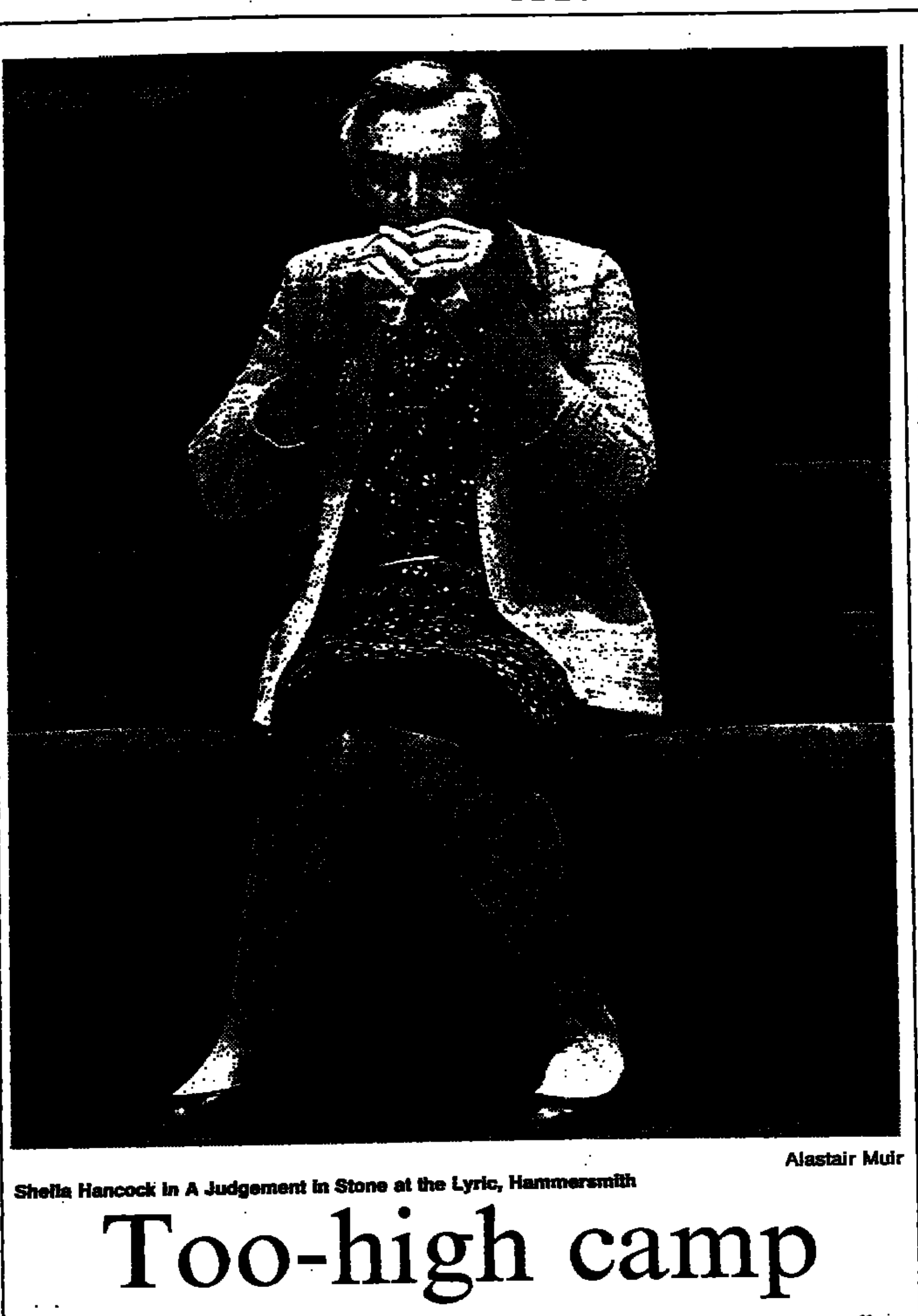
The following day, however, Johnny van Haeften sold his exotic Brazilian landscape by Frans Post to a new client for around £400,000. It also revealed the dealers who cannot but make a splash.

Jonathan Harris again revealed his distinctive, idiosyncratic taste for all that is bold and quirky in English furniture. He shows a swagger pair of sculptural gilt-wood armchairs designed by John Vardy for Spencer House around 1758. Commissioned by the 1st Earl Spencer, and more recently in the possession of Henry Ford II, the chairs seem to represent perfectly the fair's theme of Anglo-American patronage. Their price: £360,000. Alongside architectural Mayhew & Ince, we also find a pair of monumental 19th century Anglo-Indian stools – even an Indonesian zither in the form of a crocodile.

Peter Tillou presents another wonderful, richly-varied stand. In pride of place hangs Ammi Phillips' portrait of the 18-month old Andrew Jackson Ten Broeck of 1834, resplendent in his scarlet dress, and among the four or five masterpieces of American folk painting ($1.4m or £850,000).

Of museum quality again is his exceptional pair of flintlock, silver-mounted duelling pistols by Samuel Brunn of around 1800, believed traditionally to have been made for the Prince Regent (£85,000). Other goodies also are less obviously displayed. Note Alex Wengraf's School of Fontainebleu statuette of a stag, and Bill Drummond's small gem of Dahl clouds by moonlight.

Good pictures are sprinkled liberally throughout the fair. Newhouse offers a delightful pair of Boucher landscapes for £1.95m. The prize for the strangest – and most erotic – painting on show must go to the David and Goliath at Richard Feigen. In this self-portrait, Zoffany depicts himself not as the vanquished Goliath like Caravaggio but as a cool, smiling David.



Alastair Muir

Sheila Hancock in A Judgement in Stone at the Lyric, Hammersmith

Too-high camp

THIS hapless show opened under bad auspices – starting late because of the London Underground bomb scare – and, because I was among the many who missed its first minutes, I want to give it what credit I can. Mainly credit for its strange nerve.

To turn a Ruth Rendell mystery into a musical is a surprising idea; yet, that is only for starters. You are told who did what to whom at the start, and even why (kind of). The rest of the action is a social-interest run-through of events leading up to the mass murder.

Since all the characters are more or less stock types, they are all treated with a heavy dose of satire. One actor keeps stepping in and out of character to narrate, several characters sometimes stand on the sidelines and speak comments into microphones, and the murderess steps out of character to address us in her final song.

All this makes it a deliberate deconstruction of the Ruth Rendell type of whodunnit. But do not get the impression that writer Neil Bartlett and composer Nicolas Bloomfield have planned this as an intellectual show. Actually, it's just camp.

The worst factor is the music. Bloomfield attempts a variety of genres to suit the various situations – music hall, operetta, hymn, etc. – and all of them rob the characters of spontaneity and credibility. Worst, the vocal lines are written too high for every member of the cast, and lead them up into shouts, yelps and falsetto.

Beverley Klein has to zigzag between narration and playing the scandal-mongering village postmistress. Either mode enables her to play broadly to the audience; she isn't subtle, and her vibrato is corrugated, but she is the liveliest thing on stage. Sheila Hancock, as the unlettered housekeeper-cum-murderess, gives a physical performance of marvellous inarticulate intensity and detail, but sounds like a re-run of her several Cockney roles each time *she* opens her mouth.

The members of the victim Coverdale family are cast in a operetta-to-Sondheim mould. The daughter Melinda has to manage tricky upward leaps of a ninth in midword in her big number; Maria Kesselman, the purest singer in the cast, handles this with ease. As the parents, Elizabeth Brice sings like an out-of-tune English rose and Emile Belcourt brays and bleats in long phrases and an inappropriately Canadian accent. Their big, limp love duet sounds as if it would burst into *I'd Give Anything* from *Oliver* if only it had the energy.

Alastair Macaulay

A Judgement in Stone, Lyric, Hammersmith, until July 4.

Soul's little madam

LISA Stansfield is in danger of turning into a proper little madam. When last seen, a couple of years ago, this fantasy figure who made an ass of pure reason by coming from nowhere – well, Rochdale actually – to top the US soul charts, retained a Lancashire lass charm. With her cap worn the wrong round and a tendency to skip around the stage like a mixed infant allowed home early, she undermined the critical faculties with the same ease as Our Gracie.

Now, at Wembley, millions of record sales later, she lies astride a packing case stroking her body meaningfully and nibbling her hand mike with all the subtlety of Ruby Wax as she purrs "Time to make you mine". Lisa seems destined to join Olivia Newton-John and Sheena Easton as a nut-brown Hollywood Queen, dragging herself away from the pool to do Vegas.

Fortunately she still gives a northern stretch to the "a" as she tells us we are free to "dance", but it took two pointed reminders before the Wembley crowd staggered to its feet to boogie modestly. To the nation's loss, Lisa Stansfield has been transformed into a soul superstar with a packaged show of faceless musicians.

At the start the packaging was too constricting. Bass and percussion were winning over a voice which is still packed with power but bereft of sensitivity. Gradually things fell into shape, especially on the slower numbers, but there was plenty of time to think about her outfit – initially frock coat over black stockings, then hot pants and Rochdale Hornet yellow and black striped blouse – and her appearance (a forties perm and shiney make-up) rather than to be transported away on that old soul train.

The old hits – "All around the world"; "This is the right time" – were kept for the end, but by then I was nostalgic for the pert 24-year-old who was still so in love with music, and her own voice, that she could try out Billie Holiday's haunting "Good Morning Heartbreak" in the middle of her set. This 26-year-old is in danger of falling into that strange irony whereby soul singers inevitably pervert the emotional intensity that is the source of soul music into a mechanical, beat dominated, superficiality of showmanship.

Antony Thorncroft

Records/Andrew Clements

Mixed duets from Deutsche

FOR ONE record company, it seems, discs of piano music must now enter the catalogue two by two. This year Deutsche Grammophon has released new recordings by Pollini, Pogorelich, Gavrilov and Ugorski, all of them in pairs. They offer some fascinating comparisons; the piano sound is immaculate, and there is a great deal of fearsome technique on display.

Anatol Ugorski is the least known of the quartet: he is Russian by birth, was trained and later himself taught at the Leningrad Conservatory, and championed a good deal of contemporary music in the Soviet Union before emigrating to Germany in 1990. On the evidence of these discs his playing has the potential for brilliance; in both Beethoven's Diabelli Variations (435 615-2) and Musorgsky's *Pictures at an Exhibition* and Stravinsky's *Petrushka* movements (435 616-2) he shows he has some strong musical ideas, too.

They, though, are the problem. For the way Ugorski fusses with *Pictures*, imposing a steady acclerando on the last movement which quite destroys its monumentality, nudging the Stravinsky pieces until they become rhythmically unstable, succeeds only in over-interpretation and drawing attention to itself. His Diabelli is more problematic, less easy to dismiss as wilful or contrived. It contains some marvellous things, with playing of great muscularity and tension to set alongside the most poetic effects; somehow, though, it manages to miss the work's core; the 31st variation, the rhapsodic Largo, is full of exquisite sounds yet remains earthbound, detached.

Maurizio Pollini's Chopin and Beethoven may be thoroughly known quantities, but his recordings of those composers has been by no means consistent. I would argue that the coupling of the Chopin Scherzi with the Berceuse and Barcarolle (431 623-2) is by some margin the least successful recording Pollini has made, harshly driven and garish in its tone, never allowing any space around the music for fantasy or expressive invention. The Beethoven – the two sonatas of Op. 27 with the D major Op. 28 (427 770-2) – is more acceptable, but still severe and short on charm. It is hard to reconcile these performances with those of the Pollini one admired so enormously a decade ago, when the detachment was balanced by such refinement of phrase and colour, and a real sense of musical purpose. Now only the brittle surface seems to remain.

Andrei Gavrilov at least continues to develop in an interesting and rewarding fashion. The waywardness and indulgence once so characteristic of his playing have been brought under control, and discs of Prokofiev Sonatas (Nos 3, 7 and 8; 435 439-2) and Chopin's Four Ballades and B flat Minor Sonata (435 622-2) show a disciplined approach. Indeed the Prokofiev is almost too cool and careful, unfolding all three sonatas without any sense of hurry and never quite enough nervous energy. But his Chopin is constantly on the move, urged forward with little surges and emphases. It becomes wearing in the sonata, which needs a greater feeling of sweep and command, but is exciting and appropriate in the Ballades, as the tension of each is consistently sustained.

Ivo Pogorelich offers Haydn on one of his discs and Liszt and Skryabin on the other. We do not get to hear Pogorelich in London these days; he feels his art goes unappreciated here. It is useful then to be reminded what a hugely talented pianist he is, even if that talent is sometimes misapplied. The Haydn sonatas (Nos 19 and 46; 435 618-2) are not particularly stylish, or even well shaped, but full of gorgeously coloured effects and sometimes miraculous articulation. The account of the Liszt sonata (with Skryabin's Second; 429 391-2) is a tremendous *tour de force*, terrifying in its dynamic range and tonal power.

Away from the pianistic mainstream, Viktoria Postnikova's coupling of Tchaikovsky's *The Seasons* with his Piano Sonata Op 80 (Erato 2292 45512-2) fills an interesting niche. The sonata is not the familiar G minor work, but the early (1865) effort in C sharp minor, given a misleadingly late opus number when it was revised for posthumous publication by Taneyev. Its recycled Germanic romanticism needs careful coaxing and a steadying hand in the wilder rhetorical outbursts; both of those Postnikova generally supplies. She is convincing, too, in most of the pieces that make up *The Seasons*, though the more Schumannesque numbers require the magic of a Richter to bring them fully to life.

Finally, Peter Hill's pilgrimage through the piano music of Messiaen has reached the *Vingts Regards de l'Enfant-Jésus* (Unicorn-Kanchana DKP 9122/23, two CDs). Hill's series has grown in stature and accomplishment as it has progressed; now every instalment appears decisively authoritative. There are many wonderful things in the new set, pieces imbued with a genuine sense of awe and majesty, others fined down to the most intimate meditations. Such performances take Messiaen's piano music right out of the category of special interest and into the centre of the pianistic tradition, revealing a work that demands alternative interpretations just as surely as the Liszt sonata or Beethoven's *Hammerklavier*.

Radio/B.A. Young

Down to earth

ON WEDNESDAY, the first *Ecology Debate* on Radio 3 was presented by Fred Pearce, of the *New Scientist*. It covered, broadly, the business of the Earth Summit at Rio, although not from a wholly green angle, nor with immediate relevance to the proceedings.

Professor Jim Lovelock reassured us that the planet was robust enough to meet its challenges; where once was the ichthyosaurus, now there was the dolphin. "Forecasts of doom are always wrong," Julian Simon said; industrialisation gave the wealth that provided the clean environment.

Humanity's lot had always improved, with a longer life expectancy and a constant supply of required materials. Only Richard Sandbrook contrasted western social considerations with the rising poverty of backward peoples.

Nicholas Hildyard maintained that humans were part of the environment. There could be social conditions of mutual benefit – in his example, elephant "poaching" should be authorised to provide ivory profits for the people. A second ecological debate comes next week, but it is to deal mostly with familiar matters, and there was a feature last week on over-population.

Topically, Radio 4 repeated, as its Monday afternoon play, Bruce Stewart's *The Culper Tapes*. This supposes a belief that the world is coming to an end, but on religious, not scientific, grounds.

The prophet Elijah is about to return and, on Mount Carmel, Christians, Jews and Moslems are in conference. Felix Culper, covering this for the Third Programme, has recorded a mysterious voice, then been sacked – and taken his tapes with him.

Clare (Imogen Stubbs), a new features producer, is determined to get them back and visits every potential contact, including Culper on a terminal deathbed. It all works out a bit like science-fiction, and is full of incident. Shaun MacLaughlan directed.

Monday evening gave something more serious, *Who Killed Palomino Molero?* by Mario Vargas Llosa. "Holy Mother!" it begins, "My God!" – and then you hear the insects buzzing round the disgustingly murdered body of Palomino. The script is so full of such detail, sexual and physical, that many a director might have cut, but Ned Chaillet gives us the works.

The scene is Peru in 1964 under a military dictatorship. Palomino was a romantic young deserter from the air force; who killed him is not the only problem, for the air force colonel and his flashy daughter are killed before the tale is done.

Events are seen from the standpoint of two policemen, Lieutenant Silva (Charles Simpson) and Sergeant Libuna (Ray Fearon), who have no authority over the military.

Besides all the sex relations, there is talk of the Big Fish of the *contrabandistas*, but the splendidly complex plot never marks the killers. Finally, the policemen are transferred discreetly to some distant region. This was outstanding radio.

The arts strategy debate was concluded on Wednesday with a panel including Sir Richard Luce, who proposed the scheme when he was arts minister, and Anthony Everitt, secretary-general of the Arts Council. "Key priorities" was the catchword, the foremost of them, naturally, costing.

Of the great 170-page document itself, Tony Banks, MP, argued that it dismissed the social role of the arts too lightly; Luce that it said too little about administration. But it will all come up again in September when it will be the business of David Mellor, the new minister; and the debaters all had confidence in him.

Chess No 927:
1 Rh5! Resigns. If Qxa1+ 2 Kg2 gxh5 3 Nf5(threat 4 Nxe7+ and 5 Qxf8 mate) Nc7 4 Qg7 mate.

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Hallo Spencer. 7.50 Babar. 8.15 The Jetsons. 8.35 Round the Twist. 9.00 Parallel 9. 10.40 Trooping the Colour.

12.12 Weather.

12.15 Grandstand. Introduced by Bob Wilson. Including at 12.20 Football: Round-up of the European Championship in Sweden. 12.45 Rugby League from Sydney: Highlights of Australia v Great Britain. 1.00 News. 1.05 Motor Cycling: The Isle of Man Formula One TT Races. 1.30 Tennis from Queen's Club, London: The Stella Artois Championships. 3.00 Showjumping from Hickstead: The Royal International Horse Show, including The King George V Gold Cup. 4.00 Swimming from Sheffield: The National Championships. Times may vary.

5.15 News.

5.25 Regional News and Sport.

5.30 Top of the Pops.

6.00 The Brittas Empire.

6.30 That's Showbusiness. Hosted by Mike Smith.

7.00 Keeping Up Appearances with Patricia Routledge.

7.30 Growing Pains. The Hollingsworths are happy with their new foster-child — until they hear distressing news about her real mother. Starring Ray Brooks and Sharon Duce.

8.20 Casualty.

9.10 News and Sport; Weather.

9.30 That's Life! Two families hit by tragedy warn of the dangers of unserviced gas appliances and blocked flues. Plus, a new anti-bullying helpline, the worst poll tax muddle and the latest in weird and wonderful ice-cream.

10.10 Film: Two Mules for Sister Sara. Western adventure, starring Clint Eastwood and Shirley Maclaine (1969).

12.00 Film: Count Yorga, Vampire. A group of Los Angeles teenagers are terrorised by a suave foreign visitor. Horror drama, starring Robert Quarry and Roger Perry (1970).

1.30 Weather.

1.35 Close.

BBC2

6.40 Open University.

3.00 Eurovision Young Musician of the Year 1992. The cream of Europe's young musicians compete for this coveted award, with 14-year-old pianist Frederick Kempf representing the UK.

5.00 Stella Artois Tennis Championships. From Queen's Club, London. Eamonn Holmes introduces coverage of the men's semi-finals in the pre-Wimbledon grass court tournament.

6.05 The Human Element. Documentary about the bitter battle to save the 11th century basilica of St. Servatius in Maastricht, one of the most important churches in south Holland.

6.35 Trooping the Colour. Highlights of this morning's spectacle on Horse Guards Parade when The Queen took the salute on the occasion of her official birthday. Commentary by Julian Tutt.

7.40 News and Sport; Weather.

7.55 Rhythms of the World. A group of Bayaka pygmies from Central Africa travel to Paris to perform in a festival of African music. While there they camped in a rehearsal studio, cooking traditional food on the floor, gaining a unique perspective on the City of Love.

8.40 Have I Got News for You? With host Angus Deayton. Joining team captains Ian Hislop and Paul Merton are Steve Frost and Stephanie Calman.

9.10 An Ungentlemanly Act. Dramatic true story of the first 36 hours of the Falklands conflict, dealing with the initial impact of the invasion on the islanders and their leaders. An all-star cast includes Bob Peck, Rosemary Leach and Ian Richardson.

11.25 Teenage Diaries. In Bed with Chris Needham.

12.15 Film: Betrayal. Romantic drama about the love triangle between a publisher, his wife and her lover. Starring Jeremy Irons, Patricia Hodge and Ben Kingsley (1983).

1.50 Close.

LWT

6.00 TV-am. 9.25 Gimme 5. 11.30 Zorro. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 LWT News and Weather; The Day.

1.10 Saint and Greavsie. Ian St John and Jimmy Greaves present the latest news from the European Championship, live from Stockholm.

2.00 International Rugby. Full coverage of Australia v Scotland from Sydney. With commentary by John Taylor.

4.00 Stuntmasters.

4.30 Only Joking.

5.00 ITN News; Weather.

5.05 LWT News.

5.15 Beverly Hills 90210.

6.10 Bob's Your Uncle.

6.55 Father Dowling Investigates. Sister Steve is conned by a blind man who makes her an unwitting accessory to theft and blackmail. Tom Bosley and Tracy Nelson star.

7.50 Film: The Ruth Rendell Mystery Movie: From Doon with Death. George Baker, stars as crime-fighting detective Inspector Wexford. Also starring Christopher Ravenscroft, Amanda Redman and John Salthouse.

9.45 Michael Winner's True Crimes. The director of the Death Wish films explains how the murder inquiry into a 68-year-old architect's demise helped fraud squad officers uncover clues to another crime.

10.15 Tom Jones: The Right Time.

10.45 ITN News; Weather

11.00 LWT Weather.

11.05 Wolf.

12.00 Get Stuffed.

12.05 The Big E.

1.05 Get Stuffed; ITN News Headlines.

1.10 Music from the Bridge.

1.40 Bhangra Beat Special; ITN News Headlines.

2.40 New Music.

3.45 Indy Car Racing 1991.

4.45 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Sign On: Deaf World. 10.30 Film: Hold That Blonde. 11.50 Quinoscopios. 12.00 Get Smart. 12.30 pm Sumo.

1.00 Film: Take Me Out to the Ball Game. Busby Berkeley musical about turn-of-the-century vaudevillians Gene Kelly and Frank Sinatra, who spend their summers as professional baseball players (1949).

2.40 Table Tennis. Short German film giving an exotic view of a table tennis match.

3.00 Racing from York. Introduced by Derek Thompson. Including the 3.15 Queen Mother's Cup, the 3.45 William Hill Golden Spurs Trophy (H'cap), the 4.15 Daniel Prenn Royal Yorkshire Stakes and the 4.45 Crawley Warren Handicap. Graham Goode commentates.

5.05 Brookside.

6.30 Right to Reply. Should dramas based on actual events be seen as a truthful rendering of events? Two BBC plays about the Falklands War — Tumbledown and An Ungentlemanly Act — are explored. Plus, a viewer disputes aspects of the recent Dispatches programme about the powers of the monarchy.

7.00 A Week in Politics. A report from Dublin on next Thursday's referendum in Ireland on the Maastricht treaty, including an interview with Irish Foreign Minister David Andrews. Plus, a report from Strasbourg on how MEPs view the crisis in the EC.

8.00 D-Night: Round IX. An evening's TV devoted to art and sport. In the first programme, Sheena McDonald and Laurie Pike report live from Germany on the opening of Documenta IX.

10.00 Film: Round Midnight. Stylish musical drama about an American jazzman working in 1950s Paris. Starring Dexter Gordon. Directed by Bertrand Tavernier (1986).

12.30 Defenders of the Faith.

1.00 Live Baseball.

4.10 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 11.30 Chequered Flag. 1.05 Anglia News. 4.00 Cartoon Time. 4.15 WCW Worldwide Wrestling. 5.05 Anglia News and Sport 11.00 Regional Weather. 11.05 Beauty and the Beast.

BORDER: 1.05 Border News. 4.00 Chequered Flag. 4.30 Dinosaurs. 5.05 Border News and Weather 11.05 Desperado.

CENTRAL: 1.05 Central News 4.00 Cartoon Time. 4.20 WCW Worldwide Wrestling. 5.10 Central News 11.05 The Jigsaw Man. (1984)

CHANNEL: 11.30 Blockbusters. 1.05 Diary Dates. 4.00 White Wilderness. 4.50 Cartoon. 5.05 Channel News. 5.10 Puffin's Pla(i)ce.

GRAMPIAN: 1.05 Grampian Headlines 4.00 The Wild South. 5.05 Grampian Headlines 5.10 Crlomagan. 11.00 Grampian Weather. 11.05 Desperado.

GRANADA: 11.30 Only Joking. 1.05 Granada News 4.00 Superstars of Wrestling. 4.40 Rock Sport. 5.05 Granada News 11.05 Desperado.

HTV: 1.05 HTV News. 4.00 Golf: The Nestle Invitational. 5.05 HTV News.

SCOTTISH: 11.30 Children's Island. 1.05 Scotland Today. 4.00 Starting from Scratch. 5.05 Scotland Today 11.00 Scottish Weather. 11.05 The Love Machine starring John Philip Law and Dyan Cannon. (1971)

TSW: 11.30 The South West Week. 1.05 TSW News. 4.00 Jack Thompson Down Under. 5.05 TSW News. 11.00 TSW Weather Front. 11.05 Desperado.

TVS: 11.30 Blockbusters. 1.05 TVS News. 4.00 White Wilderness. 4.50 Cartoon. 5.05 TVS News.

TYNE TEES: 11.30 Superman. 1.05 Regional News. 4.00 Soccer in the Seventies. 4.30 Chequered Flag. 5.05 Northern Life. 11.05 Desperado.

ULSTER: 11.30 Only Joking. 1.05 Ulster Newstime 4.00 Superstars of Wrestling. 5.05 Ulster Newstime 5.10 Cartoon. 11.00 Ulster Newstime 11.05 Desperado.

YORKSHIRE: 11.30 Superman. 1.05 Calendar News. 4.00 Burning Rubber. 4.50 Cartoon Time. 5.05 Calendar News. 11.10 Slapshot starring Paul Newman with Michael Ontkean. (1977)

S4C Wales as Channel 4 except:-

10.00 Slot Sadwrn. 6.30 American Chronicles. 7.00 Newyddion Nos Sadwrn. 7.15 Sut Mae'i Dalit Hi. 7.45 Teulu'r Mans. 8.15 Lerpwl y Brifddinas Goll. 9.00 Evening Shade. 9.30 4-Play: A Fair and Easy Passage. 10.45 Percy starring Hywel Bennett, Denholm Elliott, Elke Sommer and Britt Ekland. (1971)

SUNDAY

BBC1

6.45 Open University. 8.50 Playdays. 9.10 News. 9.15 Telling Tales. 9.30 This is the Day. 10.00 Sign Extra. 10.30 Hindi Urdu Bol Chaal. 10.55 Fast Feasts. 11.00 How Do You Manage? 11.30 Great Expectations.

12.00 Bazaar.

12.25 Experiment!

12.30 CountryFile. Up-to-date information on green issues.

12.55 Weather for the Week Ahead; News.

1.00 On the Record. Environment Secretary Michael Howard talks to Jonathan Dimbleby about the results of the Earth Summit. What has it achieved — hot air or real measures?

2.00 EastEnders.

3.00 Some Mothers Do 'Ave 'Em. Comedy, starring Michael Crawford.

3.35 Film: Star Trek III: The Search for Spock. Picking up where Star Trek II left off, the Enterprise goes on a mission to rescue Spock. Sci-fi adventure, starring William Shatner and Leonard Nimoy (1984).

5.15 Bugs Bunny Triple Bill.

5.35 Masterchef 1992. Enthusiasts from the south east of England battle for a place in the semi-finals. Chef Paul Rankin and three-day eventer Virginia Leng judge their dishes.

6.10 News.

6.25 Praise Be!

7.00 European Championship Football. Sweden v Denmark live from Stockholm. Plus, highlights of England v France. Introduced by Desmond Lynam, with expert summary by Jimmy Hill and Terry Venables.

9.10 Natural Lies. Last in series. Andrew Fell faces two killers threatening him and his family. He sacrifices everything in a final desperate bid for information. Starring Bob Peck and Sharon Duce.

10.05 News and Weather.

10.20 Everyman. Profile of Phoebe Caldwell who pioneered communication techniques for people with profound learning problems.

11.00 Knight and Daye.

11.25 The Human Element, In 1969, an oil rig supply vessel caught fire while undergoing repairs. This programme discovers what went wrong.

11.55 Weather.

12.00 Close.

BBC2

6.35 Open University. 12.00 Around Westminster.

12.30 Sunday Grandstand. Introduced by Bob Wilson. Including at 12.35 Cycling: The Milk Race. 1.35 Motor Cycling: The Isle of Man Senior TT Races. 2.00 Tennis from Queen's Club: The men's singles final in the Stella Artois Championship. 3.45 Showjumping from Hickstead: Action from the Henderson Olympic Trial and highlights of the Queen Elizabeth II Cup at the Royal International Horse Show. 5.15 Motor Racing from Brands Hatch: Round five of the Touring Car Championship. 5.35 Swimming from Sheffield: The ASA National Championships. Commentary by Hamilton Bland and Andy Jameson.

6.35 The Money Programme. An interview with Daily Telegraph owner Conrad Black following the announcement of the floatation of the newspaper group.

7.15 Life on Earth. David Attenborough visits the Comoro Islands in the Indian Ocean.

8.10 Artists' Journeys. Abstract artist Sean Scully goes to Morocco, following the footsteps of French painter Henri Matisse.

8.50 Talking Magritte. Earlier this year, Talking Rembrandt initiated a new television format, 90 second films slotted into the schedule between programmes. Recently Talking Magritte has been doing the same for the Belgian surrealist with 24 films, again each 90 seconds long, which have been cropping up in the continuity breaks between programmes during the opening weeks of the Hayward Gallery's Magritte exhibition. Now the best have been chosen for this 20-minute compilation.

9.10 Canadian Grand Prix. Highlights from Montreal. With commentary by Murray Walker and James Hunt.

10.25 Film: The Serpent and the Rainbow. Atmospheric chiller about an anthropologist's experiences with black magic and voodoo. Starring Bill Pullman and Cathy Tyson (1987).

12.05 The Night Stalker.

12.55 Def II: Dance Energy House Party.

1.35 Close.

LWT

6.00 TV Am. 9.25 The Secret of Old Glory Mine. 10.20 The Littlest Hobo. 10.45 Link. 11.10 Morning Worship. 12.00 The Curate's Egg. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.

1.05 The Day.

1.10 The A-Team.

2.05 Film: Help! The Beatles are chased round the world by an oriental priest because one of them has a sacred ring. Also starring Leo McKern, Victor Spinetti, Eleanor Bron and Roy Kinnear (1965).

3.45 European Championship Football. Elton Welsby introduces live coverage of England v France from Malmo. With commentary by Brian Moore and Ron Atkinson.

6.30 ITN News; Weather.

6.35 LWT News.

6.40 Appeal. On behalf of the National Listening Library.

6.45 People Get Ready. New series. Juliet Coley introduces gospel music with American singer Shirley Caesar and the Lee and Deptford Mass Choir from London.

7.15 Murder, She Wrote.

8.15 Watching.

8.45 Root into Europe. On the last leg of their epic journey, Henry and Muriel Root discover new aspects of the German character and are shocked by mixed nude bathing in Baden Baden. Starring George Cole.

9.45 ITN News; Weather

10.00 LWT Weather.

10.05 The South Bank Show. Melvyn Bragg looks at the making of Sgt Pepper, the Beatles' landmark album which changed the face of popular music. Featuring the original recording session tapes, and, for the first time in one programme, in-depth interviews with Paul McCartney, Ringo Starr and George Harrison.

11.00 The Day.

11.05 The London Programme Special. Trevor Phillips investigates the crisis facing the 300-year-old Lloyds of London insurance organisation, soon to announce its biggest losses ever.

12.05 Film: A Hard Day's Night (1964).

1.40 Cue the Music; ITN News Headlines.

2.45 The ITV Chart Show.

3.40 Euro Auto Challenge.

4.15 Get Stuffed.

4.20 Out of Limits.

4.35 Pick of the Week.

5.05 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches. 10.45 Dennis. 11.00 Beat That. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Four-Mations UK: Animators Abroad.

3.15 The Concert for Planet Earth. To coincide with Rio's Earth Summit, actor Jeremy Irons introduces a concert to raise awareness of environmental issues. Performers include Placido Domingo and Wynton Marsalis.

4.55 News.

5.00 American Chronicles. The US Marine Corps are America's first line of defence. How does this elite group face the prospect of death in battle? Narrated by Richard Dreyfuss.

5.30 Kabaddi.

6.00 Bush Tucker Man. Real-life Crocodile Dundee Les Hiddins takes a trip to Doomadgee, Queensland, an area previously unmapped.

6.30 The Wonder Years.

7.00 Children of Chernobyl. Doctors and mothers reveal the truth about one of the most contaminated areas on Earth. Six years after the explosion at the nuclear reactor, scores of children are going bald, and cases of cancer and leukaemia are rife.

8.00 Hard News. Looking at the sports pages of newspapers with Everton manager Howard Kendall and investigating links between agents and journalists. Plus, behind the scenes of the BBC's new multi-million pound soap opera, Eldorado.

8.30 Sound Stuff. Conductor Simon Bychkov's first few days with The Paris Orchestra. How will the musicians react to new ideas after 12 years under the direction of Daniel Barenboim?

9.30 Four-Mations UK: Secret Passions.

10.00 Film: Vroom. Beeban Kidron's feature debut about the exploits of two Lancashire lads who joy-ride into the sunset. Starring Clive Owen and David Thewlis (1988).

11.40 Four-Mations UK: Cowboys.

12.00 Signature.

12.10 The Tragic Tale of Aiken Drum.

12.20 Film: Daughter of the Nile. Compelling study of life in contemporary Taiwan. A young woman turns to a life of crime (1987).(English subtitles).

1.50 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 10.15 The Littlest Hobo. 12.25 Countrywide. 12.50 Anglia News. 1.10 Only Joking. 1.40 Cartoon Time. 6.35 Anglia News. 10.00 Regional Weather. 11.05 A Hard Day's Night (the first Beatles films) (1964).

BORDER: 10.15 The Littlest Hobo. 12.30 Gardening Time. 12.55 Border News. 1.10 Davy Crockett. 6.35 Border News. 11.05 A Hard Day's Night. (1964)

CENTRAL: 10.15 Heidi. 12.30 Gardening Time. 12.55 Central News 1.10 Only Joking. 1.40 Candid Camera Classics. 6.35 Central News 10.00 Local Weather. 11.05 A Hard Day's Night. (1964)

CHANNEL: 10.15 The Littlest Hobo. 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 1.10 Disney Goes to the Academy Awards. 6.35 Channel News. 11.05 A Hard Day's Night. (1964)

GRAMPIAN: 10.15 The Littlest Hobo. 10.45 Under the Mountain. 11.15 Sunday Service. 11.45 Link. 12.30 Eikon. 12.55 Grampian Headlines. 1.10 Special Friends. 6.35 Grampian Headlines. 10.00 Grampian Weather. 11.05 A Hard Day's Night. (1964)

GRANADA: 10.20 Heidi. 12.25 Chalte, Chalte. 12.55 Granada News 1.10 Help! (1965) 2.50 Coronation Street. 6.35 Granada News 11.05 A Hard Day's Night. (1964)

HTV: 10.20 The Littlest Hobo. 12.30 West Country Farming. 12.50 HTV News. 1.10 HTV Newsweek. 1.40 The Tin Soldier. 6.35 HTV News. 11.05 A Hard Day's Night. (1964)

HTV Wales as HTV except: 1.10 Country Ways.

SCOTTISH: 9.25 The Flying Scot. (1957) 10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Eikon. 12.55 Scotland Today. 1.10 Garfield — His Nine Lives. 2.00 Backstage. 6.35 Scotland Today. 10.00 Scottish Weather. 11.05 A Hard Day's Night. (1964)

TSW: 10.15 The Littlest Hobo. 12.30 TSW Farming Week. 12.55 TSW News. 6.35 TSW News. 10.00 TSW Weather. 11.05 A Hard Day's Night. (1964)

TVS: 10.15 The Littlest Hobo. 12.30 TVS News. 12.33 Agenda. 12.58 Weather. 1.10 Disney Goes to the Academy Awards. 6.35 TVS News. 11.05 A Hard Day's Night. (1964)

TYNE TEES: 10.15 The Littlest Hobo. 12.25 Earthmovers. 12.55 Regional News. 1.10 Help! (1965) 2.50 Highway to Heaven. 6.35 Regional News. 11.05 A Hard Day's Night. (1964)

ULSTER: 10.15 The Littlest Hobo. 12.30 Gardening Time. 12.55 Ulster Newstime 1.10 Help! (1965) 2.50 Coronation Street. 6.35 Ulster News and Sport 10.00 Ulster Newstime 11.05 A Hard Day's Night. (1964)

YORKSHIRE: 9.25 Twelve Tasks of Asterix (French-made animated adventure film) (1975). 12.25 Nawrang. 12.55 Calendar News. 1.10 Disney's Donald's 50th Anniversary Celebration. 6.35 Calendar News. 10.00 Local Weather. 11.05 A Hard Day's Night. (1964)

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Mark Wynter. 1.00 The Al Read Show. 1.30 Someone and the Grumbleweeds. 2.00 Sounds of the Fifties. 3.00 Steve Race. 4.00 Sounds of Sinatra. 5.00 Cinema 2. 5.30 Make 'Em Laugh. 6.00 John Sachs Presents Gilbert O'Sullivan. 7.00 Beat the Record. 7.30 Celebratory Strauss. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Night Ride. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 News Headlines. 7.00 Morning Concert. 8.35 BBC Scottish SO. 9.30 Saturday Review. 12.55 Molecules. 1.00 News. 1.05 The Diary of One Who Disappeared. 2.05 Brahms. 3.40 Mozart. 4.15 Jazz Record Requests. 4.55 The Trojan War. 10.15 Third Opinion. 11.00 Jazz at the Bath Festival. 12.00 News. 12.05 Close.

BBC RADIO 4
6.00 News. 6.10 Farming Week. 6.50 Prayer for the Day. 6.55 Weather. 7.00 Today. 8.58 Weather. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News; Loose Ends. 10.55 (LW) Trooping the Colour. 11.00 (FM) The Week in Westminster. Michael White, The Guardian's political editor, presents a personal view of a week in the life of MPs and peers. 11.30 (FM) Europhile. 12.00 (FM) Money Box. 12.25 I'm Sorry I Haven't a Clue. 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Any Answers? 2.30 Saturday Playhouse. 4.00 The Cutting Edge. 5.00 A Year in Harness. 5.25 Tea Junction. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News; Sports Round-Up. 6.25 Week Ending. 6.50 Stop the Week. 7.20 Kaleidoscope. 7.50 Classical Serial: Still Life. 8.50 Writers Revealed. 9.20 Music in Mind. 9.50 Ten to Ten. 9.59 Weather. 10.00 News. 10.15 Open Mind. 10.45 Braden Beside Himself. 11.00 Richard Baker Compares Notes. 11.30 First Love. 12.00 News. 12.30 Close.

BBC RADIO 5
6.00 International Rugby Union. 7.30 Saturday Edition. 9.00 Get Set. 10.30 Tales of the Texas Rangers. 11.00 Go! 12.00 Sport on 4 Plus 1. 12.30 Sportscall. 1.30 Sport On Five. 6.30 Six-O-Six. 7.30 Le Top. 9.00 Afropop Worldwide. 10.15 On the Level. 12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 People And Politics. 9.00 News; Words of Faith: A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary; Jazz Now and Then. 11.15 Club 648. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; News About Britain. 1.15 Multitrack 3. 1.45 Sports Roundup. 2.00 Newshour. 3.00 News Summary. 3.01 Sportsworld. 4.00 News. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News; Travel news; BBC English. 5.30 Londres Soir. 6.14 Letter From America. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 McCartney At 50. 8.30 Europe This Weekend. 9.00 News; Personal View; Words of Faith. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice. 12.15 A Jolly Good Show. 1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play of the Week: The Life And Opinions Of Tristram Shandy, Gentleman. 3.00 Newsdesk. 3.30 Horizons. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 Business Review.

SUNDAY

BBC RADIO 2
7.00 Don MacLean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Young Musician 1992. 4.30 Sing Something Simple. 5.00 Charlie Chester. 6.30 Sir Charles Mackerras Conducts Pineapple Poll. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Mark Wynter. 1.00 Colin Berry with Night Ride. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather; News Headlines. 7.00 Morning Concert. 8.30 News. 8.35 French Suites. 9.15 Slava! 10.15 Music Weekly. 11.00 Ozawa and the BSO. 12.15 Harmoniemusik. 12.45 Table Talk in Budapest. 1.00 News. 1.05 Your Concert Choice. 2.30 Piano Trio. 3.00 Sviatoslav Richter. 3.50 Taman. 4.10 BBC Scottish SO. 5.00 Soundings. 6.00 The Three-in-One. 7.30 Critics Choice. 9.05 Vespers for Trinity Sunday. 10.20 Mozart at the Wigmore Hall. 12.00 News. 12.05 Close.

BBC RADIO 4
6.00 News. 6.10 Prelude. 6.30 Morning Has Broken. 6.55 Weather. 7.00 News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 News Stand. 11.30 Pick of the Week. 12.15 Desert Island Discs. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 Gardeners' Question Time. 2.30 Sunday Playhouse. 3.30 The Radio Programme. 4.00 Analysis. 4.47 Treasure Islands. 5.00 Down Your Way. 5.40 Aesthete's Foot. 5.50 Shipping Forecast. 6.00 News. 6.15 Feedback. 6.30 Europhile. 7.00 Who Believes in Britain? 7.30 Bookshelf. 8.00 Iconoclasts. 9.00 The Natural History Programme. 9.30 Special Assignment. 9.59 Weather. 10.00 News. 10.15 The Adventures of Sherlock Holmes. 11.00 Fourth Column Revisited. 11.30 Seeds of Faith. 12.00 News. 12.30 Close.

BBC RADIO 5
6.00 Newshour. 7.00 Waterlines. 7.30 Summer Sundae. 8.30 Marianne Dreams. 9.00 Johnnie Walker. 10.30 Education Matters. 11.00 In House. 11.30 Ring a winner. 12.40 Open University: Open Forum. 1.00 Sunday Sport. 6.15 The Olympic Years. 7.00 European Football Championship. 9.30 Box 13. 10.10 Open University: Hopkin's Religious Poetry. 12.10 Art Works. 12.30 New Curiosity Shop. 12.50 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain. 7.15 Letter From America. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 News; Words of Faith; Music With Matthew. 10.00 News; Business Review; Short Story: The Neighbour's Goods. 10.30 Folk in Britain. 10.45 Sports Roundup. 11.00 News Summary; Science in Action. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play of the Week: The Life and Opinions of Tristram Shandy, Gentleman. 2.00 Newshour. 3.00 News Summary. 3.01 Omnibus. 3.30 Anything Goes. 4.00 News. 4.15 BBC English. 4.30 News in German; German Features. 5.00 News; Travel news. 5.15 BBC English. 5.30 Londres Soir. 6.14 Club 648. 6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 Classic Recordings. 8.30 Europe Tonight. 9.00 News; Folk in Britain. 9.25 Words Of Faith. 9.30 Brain of Britain. 10.00 Newshour. 11.00 News; News About Britain; Short Story: The Neighbour's Goods. 11.30 Letter From America. 11.45 Sports Roundup. 12.00 News; Business Review. 12.15 Music With Matthew. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News Summary. 2.01 Opera of the Week. 2.45 Turning A Tune: Music Making in Ireland. 3.00 Newsdesk. 3.30 Composer Of The Month: Robert Schumann. 4.00 News; Words Of Faith.

CHESS

MIKHAIL Tal's return to the chess olympics, representing Latvia, evokes memories of the brilliant ex-world champion's debut in the international team event at Munich 1958.

Tal, then 21, was already a legend with his piercing glare, dark good looks, rapid play, self-deprecatory wit and readiness to enter mind-boggling tactical variations. He blitzed his early opponents to defeat, and many of his rivals clearly were over-awed.

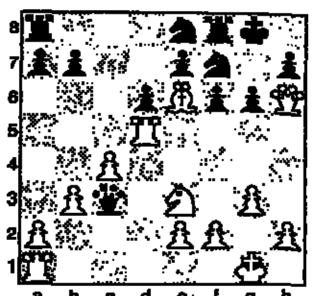
An unusual episode in this week's game added to his charisma (M Tal, White; Z Milev, Black. Queen's Gambit, Munich 1958).

1 c4 c5 2 Nc3 Nc6 3 Nf3 Nf6 4 e3 e6 5 d4 d5 6 cxd5 Nxd5 7 Bc4 Nb6? Black avoids the normal cxd4, so Tal develops quickly and pressurises the weak Q-side. **8 Bb5 a6 9 Bxc6+ bxc6 10 0-0 Bb7 11 Ne4 Nd7? 12 Qc2 Qb6 13 Ne5 cxd4.** Too late, Black's king is exposed to a fierce attack. **14 Nxd7 Kxd7 15 exd4 Ke8 16 Be3 Qc7 17 d5!** Opening the e file. **exd5 18 Rfe1!** If dxe4 19 Qxe4+ Qe7 20 Qc4 or 19 ... Be7 20 Bc5. **Kd8**

The olympics were held in the centre of Munich and there was an influx of spectators two hours into the session as work ended. The new audience, discussing the game animatedly, thought Black should castle, not realising his king had already moved. When Kd8 appeared on the demo board, the spectators decided that Milev was so under Tal's sorcery that he had forgotten the rules.

19 Qb3 c5 20 Nxc5! Resigns. If Bxc5 21 Bxc5 Qxc5 22 Qxb7 Rc8 23 Rac1 Qxc1 24 Qe7 mate.

CHESS No 927



E. Rojahn v G. Angos, Munich 1958. Black threatens Qxa1+, but White's next was the most impressive move at Munich. What did he play?

Solution Page XXII

Leonard Barden

BRIDGE

MY HAND today, which occurred in a team-of-four match, teaches a valuable lesson:

	N	
	♠ Q 9 6 3	
	♥ K Q 4	
	♦ 6 2	
	♣ K 8 6 4	
W		E
♠ 8 2		♠
♥ A 10 9 6		♥ J 8 7 5 3 2
♦ K J 8 3		♦ 10 9 7 4
♣ Q 10 3		♣ J 9 2
	S	
	♠ A K J 10 7 5 4	
	♥	
	♦ A Q 5	
	♣ A 7 5	

South was the dealer with neither side vulnerable, and opened correctly with an Acol two spades, forcing for one round. North replied with four spades, promising good trump support and two tricks but denying an ace. Most Souths would have been content to bid six spades but this declarer said five clubs and, on hearing six clubs from his partner, said six diamonds. North's six spades concluded the auction.

West led the two of spades. Winning with his king, the declarer then crossed to the nine and led the heart king, hoping that East held the ace. This would have made the contract secure.

East played low and the king lost to West's ace, South discarding a club. West played back a heart to the queen and South let go his low diamond. Dummy returned a diamond and South finessed his queen. West had the king and the slam was defeated.

In the other room, South was again in a contract of six spades. This West also led a spade and South drew two rounds, finishing in dummy. Then, as before, the king of hearts, on which declarer threw a low club, ran to the ace. When a heart was returned to the queen, on which a diamond was thrown from hand, the declarer saw an extra chance. He played a club to his ace, crossed to the king and ruffed the six.

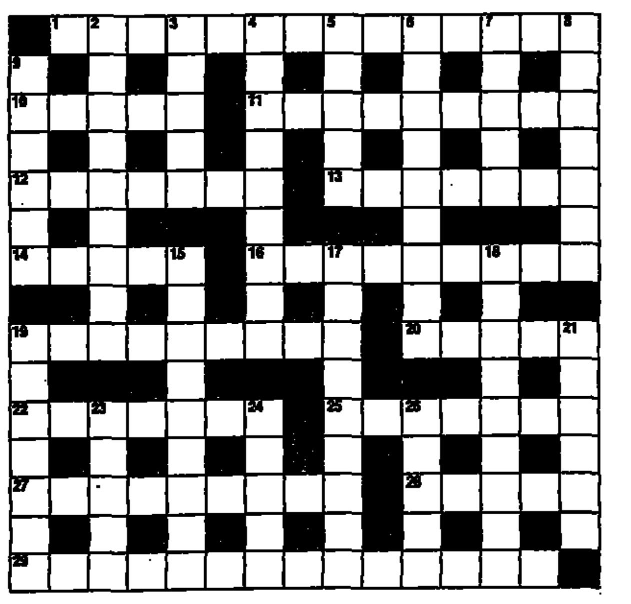
With the suit breaking 3-3, dummy's eight was now good and provided a home for the diamond queen. Nicely played.

E.P.C. Cotter

CROSSWORD

No. 7,872 Set by CINEPHILE

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday June 24, marked Crossword 7,872 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday June 27.



Name...

Address..

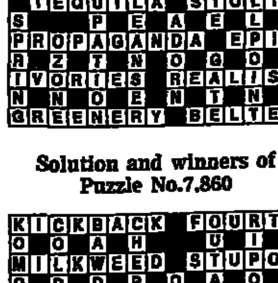
ACROSS

1 Turn to Psalm 100: reader must use .... (5,9)
10 .... book, one left by vagrant (5)
11 100 metres instead of 100 yards on paper? (9)
12 Rod to whip smelly beast (7)
13 One taking industrial action should play ball (7)
14 Sum (returned without acknowledgment) (5)
16 Hit parade shows institutionalised racism (9)
19 Copy Roman cynic in part by fire-gazing (9)
20 One's own power may be full (5)
22 Draught excluder under pot (7)
25 Hero of dodge I'm revealing (7)
27 Man of civil authority killed in place of military (9)
28 Live comfortably after opening of door (5)
29 Princess's job's a let-down (14)

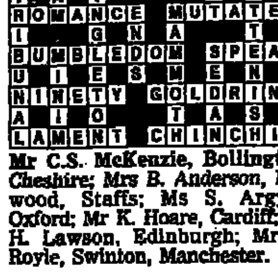
DOWN

2 Marker forbidden on Los Angeles hill (9)
3 Copy from 1001 to 1099 (5)
4 Reads what follows to oblige (9)
5 One of several writers to use Hebridean gun (5)
6 One way to superheat old water (9)
7 It's stupid to be very friendly (5)
8 Withdrew with pension? (7)
9 Reprimand vehicle for sulkiness? (6)
15 Putting most of the world's newspaper right — work that's sweet (5,4)
17 Sandy corrected at school for construction without conjunction (9)
18 Church caretaker, slightly upset, even briefly, is continually leaving (9)
19 Duck cleaner in case (7)
21 Cross keeps theologian in confusion (6)
23 River followed by attempt to get work (5)
24 Brute going in to play a hook shot (5)
26 Lady gets cross before lunch (5)

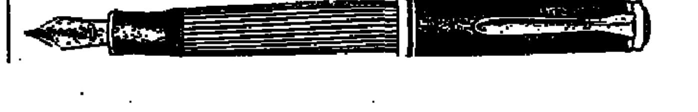
Solution to Puzzle No.7,871



Solution and winners of Puzzle No.7,860

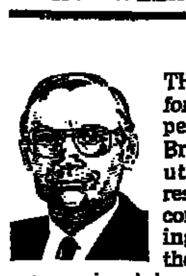


Mr C.S. McKenzie, Bollington, Cheshire; Mrs B. Anderson, Brewood, Staffs; Ms S. Argyle, Oxford; Mr K. Hoare, Cardiff; Mr H. Lawson, Edinburgh; Mr D. Royle, Swinton, Manchester.



The Long View/**Barry Riley**

No recession here, thank you



THIS IS an uncomfortable time for the people who run Britain's privatised utilities – the results season. The companies are making good profits, their top executives are earning juicy bonuses; what a scandal, say the newspapers, when the country is languishing in the depths of the recession.

Until British Telecom was floated in November 1984, there was no utility sector to speak of in the London stock market. After 7½ years – comprising BT, British Gas, the water companies and the electricity industry – it represents some 10½ per cent of the All-Share Index capitalisation. It is bigger in stock market terms than banks, chemicals and construction all put together.

Various political glosses were put on the privatisation programme, some of them retrospective: once out of the public sector the big utilities would be freed from the inappropriate public spending constraints laid down by the Treasury and moreover they would have a bigger incentive to run themselves efficiently. But one of the most important driving forces in the early days was purely financial: at the time the government still had a big deficit to finance and after ten years of huge issuance the investment institutions were satiated with conventional government securities. They wanted equities, and the pension funds and high income unit trusts in particular wanted *those* which paid high and growing dividends. So the government duly created some.

The achievements of these designer equities have been well up to specification. The UK stock market might have been in a poor state without them. For example, their dividends have continued to grow at about 10 per cent a year – the size of Northumbrian Water's *increase* this week, for instance – but the All-Share dividends in aggregate have only increased by about 1 per cent over the past 12 months. So non-utility dividends have not grown at all. Utilities now pay out 13 per cent of the dividends distributed by the 655 All-Share constituents and they account for 18 per cent of the total earnings. Given *that*, say, 40 per cent of profits are earned abroad, utility profits represent about 30 per cent of all the domestic earnings of British quoted companies. This is not just good, it is much *too* good.

Admittedly this is a somewhat distorted picture in the depths of a recession which has reduced the profits of the bulk of the corporate sector. But this, too, raises the question of why utilities are able to escape the agony of so many of their business customers – a question highlighted this week by the battle between British Telecom and the retiring telecommunications regulator and new Office of Fair Trading boss, Sir Bryan Carsberg. Gross trading profits of the corporate sector peaked at 15 per cent of GDP in late 1988, but have now fallen to about 11.5 per cent. Utilities have not shared in that squeeze. The worry is that the creation of a profit-conscious utility sector ready to exploit its monopoly position for commercial gain is doing serious harm to the competitiveness of the rest of the economy.

Now, the arguments here are complex. Privatised utilities have been subjected to regulators in order to prevent monopoly abuse. In these areas Britain has adopted an *RPI minus x* formula for regulation, which in some cases has become very tight: at BT, x started at 3 per cent at the time of the 1984 prospectus, but has since grown to 6¼ per cent and is proposed at 7½ per cent for next year. Whatever the precise figures, this is a better approach than simple cost-plus, especially for industries where technology is changing fast. Under the RPI minus x formula utility companies have an incentive (and maybe a necessity) to cut their costs and reap rewards. But it is hard for regulators to judge just how much scope there is for improving efficiency.

The old nationalised industries, apart from being under the thumb of price-fixing politicians, often seemed to be run for the sake of a quiet life at the top and to reward huge workforces. The bigger the workforce the more likely was the boss to get a knighthood. Now, it seems, the priorities are different. PowerGen cut its workforce by some 25 per cent last year. And as the x factor bites the P45s are proliferating at BT too: its UK payroll numbers have shrunk from 239,000 at the end of 1990 to 221,000 last year, and expected to fall to under 190,000 by the spring of 1993.

To the extent that the labour force is bearing the pain, the extra profits earned by the utilities may not, after all, be at the expense of the rest of the company sector. Yet in a low growth economy the case for high utility profits is weaker because investment requirements are lower: the UK economy will only achieve about the same output in 1992 as in 1988, so there is scarcely the same need to expand the infrastructure as there seemed to be in the mid-80s when an economic "miracle" had propelled growth to 4 per cent a year.

Where does this leave shareholders? One reason for distributing shares around millions of Sids was to ensure that there would be a more influential constituency than just the pension funds. Even so the political risks have seemed scary at times: water was under a particular cloud ahead of the election, but the sector index jumped by a third afterwards.

Besides the electoral risks, investors will probably become aware of other cycles as they acquire experience. The economic cycle will be at its most favourable during the downturn when utilities are faring much better than most other companies. During a general period of earnings recovery they will appear rather dull.

Fundamentally, however, you would expect utility company shares to be sensitive to economic growth, or the lack of it. That is why it is worrying that share prices in the sector appear to have been sustained by backward-looking dividends rather than by forward-looking growth projections.

But there is no need to be a killjoy: if you see Sid, *don't* tell him.

Private View/**Christian Tyler**

The little sister and the lost brother

IN HER retirement Margaret Ramsey is writing the life of her brother: not of Michael, the bushy-browed Archbishop of Canterbury, but of Frank, the clever one, who died at the age of 26.

Frank Ramsey was not merely clever. He was a mathematics prodigy whose work in philosophy at Cambridge in the Twenties has raised him, in some eyes, above Bertrand Russell and Ludwig Wittgenstein.

Ramsey was a physical giant (he stood 6ft 3ins. and weighed over 16 stone) who threw open windows in mathematics, logic and economics. At the age of 18 he translated Wittgenstein's *Tractatus Logico-Philosophicus* and later he supervised the irascible Austrian, 14 years his senior, for his PhD.

At the age of 21 he was helping the 52-year-old Russell to revise *Principia Mathematica*. His paper on the theory of saving was described by Keynes as "one of the most remarkable contributions to mathematical economics ever made." It was as if, said Keynes after the prodigy's death in 1930, Ramsey had absorbed in the nursery everything then being discussed or written at Trinity College.

Margaret Ramsey's brilliant mathematician brother, Frank, died when she was 12. But the memory of him has shaped her life ever since.

For his sister, who was 12 when Frank died from jaundice, it has been a painful yet liberating journey. It was not the first nor last tragedy in her life: two years before, her mother had been killed when her father crashed the car.

"I had almost a complete blackout for those two years," she said this week. "The first thing I remember after my mother's death was my sister appearing on the doorstep of the boarding house where I was at school in Winchester in floods of tears saying that Frank had died.

"These two deaths completely upset me. I couldn't accept them. I was just full of hatred. I didn't feel any grief, just sort of fury and hatred.

"But then gradually I drifted – I was still a child – into a state of feeling I had somehow to continue him. First of all, at school, I did it by playing his records. He was very fond of music, particularly Beethoven quartets.

"Then, I'd been going to read English at Newnham and suddenly at the last minute I decided I'd do philosophy. I don't know why at all, but I'm quite sure it had to do with Frank.

"So I read philosophy under very queer illusions about him. I wasn't a conceited person about my brain. I was what you might call ordinary clever. (She got a First, even so, went on to study economics and taught the subject at Lady Margaret Hall, Oxford). But all the time I had this feeling that I had to continue Frank's work. I knew it was a madness, but it gripped me nevertheless. I remember saying 'Oh, well, if I get a First I'll be in the same class as Frank and continuing him in some way.'"

She continued him in another way, by marrying a clever philosopher called George Paul. "My husband was a continuation of Frank because he was by far the cleverest young philosopher at Cambridge when I was there. He also sort of inherited Frank's wit and kindness. He was very like him in many ways."

They married in 1938 and had four girls: Helen, Elizabeth, Kathleen and Anne. Then disaster struck again. While the girls were still in their teens, their father died of a heart attack after a sailing accident on Lake Coniston.

"We all suffered terribly and it took a very long time before any of them could marry. And this was hard on all of us."

Although fond of her brother Michael, she found him difficult. According to his former press secretary, Michael De-La-Noy, the future Primate of All England was a strange clumsy, messy and irritating youth with a habit of suddenly jumping up and running round in circles.

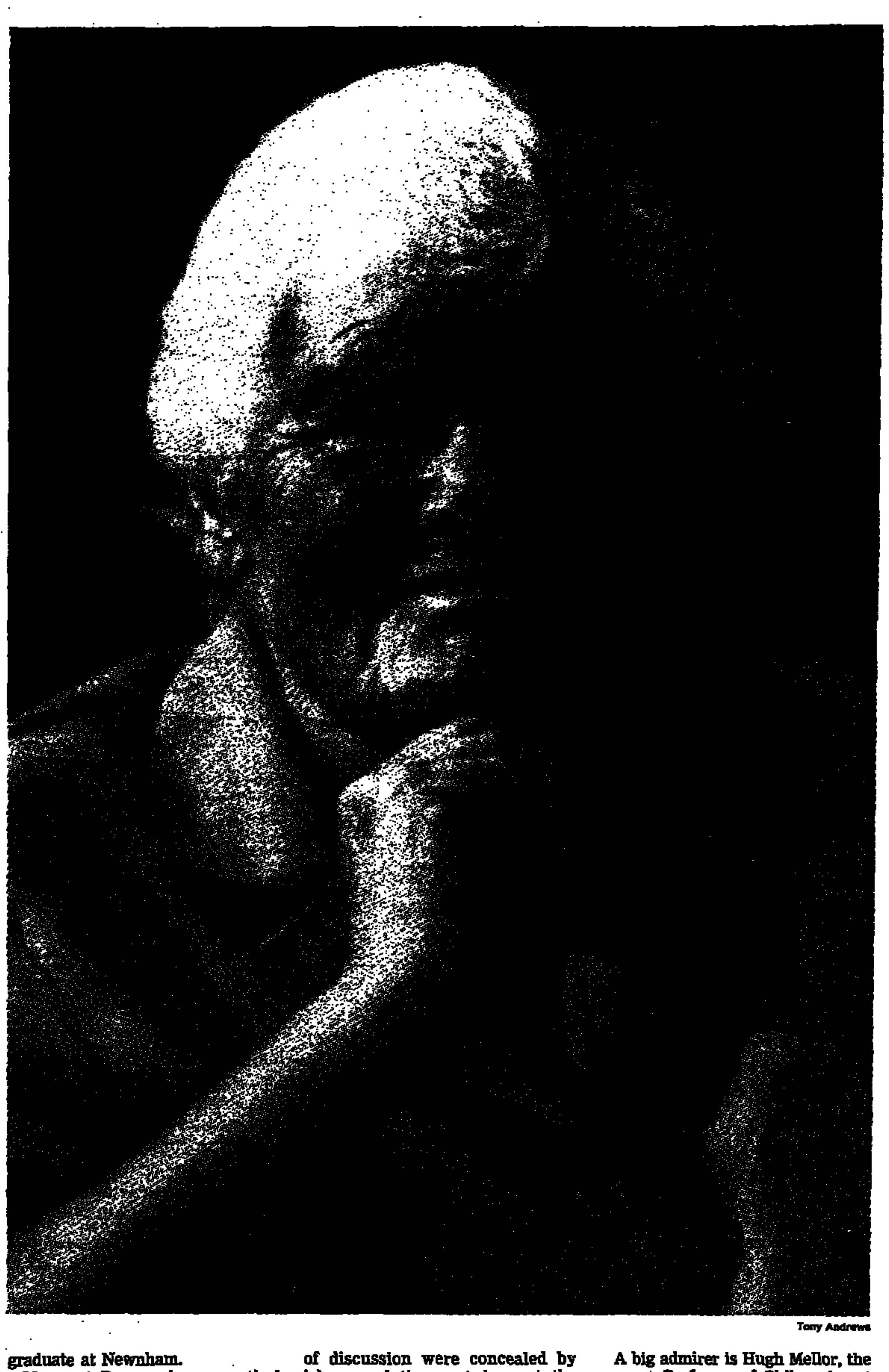
He was generous to Margaret in her widowhood, sending her money to put a daughter through Bedale's School. Yet he was distant. "Michael couldn't bear sisters, even as a young man. My sister and I were very sad about that. We were quite fond of him but he simply couldn't relate to us."

But with Frank she felt a real identity. They looked alike when young and shared a sense of humour. So she worried about how to deal with her brother's love life. "It's like spying on someone you're fond of and spilling the beans. Now that fear has gone. It's become what you might call a technical problem."

Though intellectually precocious, Frank was emotionally immature and very dependent on their mother, Agnes. An infatuation with a married woman had him going off to Vienna, as was fashionable then, to be psychoanalysed (and talk to Wittgenstein).

Encouraged by his mother, he married Lettice Baker (later a well-known photographer) when he was 22 but then fell in love with a friend of hers, Elizabeth Denby. "The mix-ups in his marriage made him very unhappy," said his sister. "He was sort of tormented between the two of them for the rest of his life. He couldn't give up either of them."

Lettice had two daughters: Jane, a biochemist, who is still alive and Sarah "an exceptionally gifted and happy person" who, like her father, died very suddenly while an undergraduate at Newnham.



Tony Andrews

Margaret Ramsey has unearthed some of the proceedings of the secretive Apostles, the small, exclusive discussion society to which the famous Cambridge names belonged. Frank was a keen member, and did not miss a meeting for over two years.

"It was his social life," she said. "He was not entirely easy with people unless they were on the same wavelength as him." But the records are unhelpful: the subjects of discussion were concealed by jokey resolutions voted on at the end. One such was "Has Frank taughtoise?", another "Should Frank laugh again?". (The Ramsey laugh was famous).

Frank's reputation has continued to grow and there has been speculation about what he might have achieved had he lived. His sister finds the adulation overdone and the speculation meaningless: "You can't forecast what original work someone might have done!"

A big admirer is Hugh Mellor, the present Professor of Philosophy at Cambridge, who has described Ramsey as the most brilliant of his contemporaries. Yet Prof. Mellor has strongly discouraged Margaret from writing a biography. "I don't know why. He sort of 'owns' Frank. I suspect he feels he's the one who discovered this genius."

I suggested she might be seen as the adoring little sister, unable to write a critical life. Was she going to elevate Frank still further?

"No, not in the least. This interests me, this difficulty. Yes, he was a very much loved person. He was thought to have a very good nature, to be a very good man. I have to see through the obituaries in a way."

If there were to be criticism what would it be?

"Ah. Well, he was very intolerant of people he thought fools. He didn't understand people very well. He inherited a sort of kindness and warmth from Mother, but he was constantly surprised about things in human nature. I'm not suggesting he was *unique* in this. But if one's digging out defects, that is one of them.

"Michael praised him to the skies in later years but Frank used to say things like 'Michael became a clergyman because he was too stupid to do anything else.'"

After the death of her father – a mathematician who became President of Magdalene College – Michael burned every letter in the house. "Goodness knows why. But I remember him now making a great bonfire at the end of the garden."

The father, Arthur, seems to have been an austere figure, a man of high standards who worked obsessively, fearing he would die and leave his wife in poverty. He did not believe a woman could be both feminine and successful.

"He used to refer to Biddy (her sister Bridget), who was perhaps a bit less bright than the other three, as the fool of the family. She was very pretty but she went through life hampered by feeling stupid. It was all nonsense: she trained as a doctor.

"And I went through life having great difficulty in feeling pretty enough. I found it very difficult to be feminine because Father felt that I wasn't."

Has this biography given you pain, or pleasure?

"Both. Large quantities of both."

What are the painful bits?

"Mostly a feeling of inadequacy, that I can't make a good job of it. I *have* left it rather late and my memory has got very poor."

And the pleasurable aspects?

"When I get a bit right I feel frightfully pleased – and some of the discoveries."

Has it stirred up painful recollections?

"Yes. I've wept quite a few times reading old things, particularly the deaths. His death can easily move me to tears now. But I don't, in a curious way, count that as pain because it's worthwhile."

It's more like mourning?

"Yes. After all, I didn't cry when he died because I was so resentful of him dying and I was rather traumatised by my mother's death. So it's a sort of relief. Yes, certainly."

Has it helped you come to terms with the tragedies in your life?

"They become part of you. In a way you recover, but they do become part of you. But yes, I think it has. I think I feel better in myself through doing it."

I thanked her for the interview.

"Well, I've enjoyed it actually. It's quite like writing the book. There's a certain liberation in talking about oneself."

Up the polls

Michael Thompson-Noel

IF I AM known in the office for anything, it is for my sang-froid. At times, my imperturbability is mistaken for casualness, but it is a mistake that detractors make only once.

It is because of my coolness and composure that editorial personages of a surprising seniority frequently make the trek from the first floor to the third to consult me in my bower, which is curtained off from the press of humanity by a screen of exotic potted palms. Safe behind this screen, senior editorial personages can pick my brains or seek my support in shadowy enterprises.

But I boil over sometimes. Even my renowned calm can give way to dreadful agitation if I am seriously provoked, and I have been provoked recently – not by something in the office but by the UK government's wilful refusal to countenance a referendum on the Maastricht treaty and the move to closer European unity.

As I explained quite recently, I am a Euro-federalist. I want Europe to be enlarged and homogenised: one queen, one president, one parliament, one language, one rail system, and so on. Then I want us to move to world government and integration, so as to help us counteract the unmitigated vices, including genocide and environmental destructiveness, that help distinguish us from the other two species of chimpanzee, and may prove our downfall.

An ardent Euro-federalist I may be. But I am not a cheat or a hoodwinker. I want us to integrate our affairs, in Europe and the world, not by subterfuge but on the basis of intelligent majority approval as measured by referenda.

HAWKS & HANDSAWS

I want the politicians to lift their game mightily. To claim that the Maastricht treaty or European unity were adequately discussed during the UK election campaign two months ago is a lie. (This was the media's fault, as much as the politicians'). To imagine that John Major, backed by a fragile parliamentary majority, has the right to negotiate weighty constitutional matters on our behalf is absurd.

First, I want a mass of information. I do not want to rely on Douglas Hurd's tortured explanations of Maastricht, any more than I want to hear the incoherent howls of the Euro-sceptics. I want facts, millions of them. I want intelligent and unambiguous discussion, a genuine debate. Then I want a referendum.

In fact, I want us to move towards electronic polling as swiftly as possible. I want snap referenda on almost everything, for I see them as the only way forward – the only way to smash the gridlock and end the bungling that politicians almost everywhere have fallen into.

Next week I am launching the BBR, the British Board of Referenda. There is much ground to cover. We will have referenda twice a week to start with; eventually, daily. Here are some of the questions that we might have asked this week, had we been in business. To illuminate my purpose and demonstrate the sort of answers my referenda will generate, I am taking the liberty of giving you the forecast result of each referendum question, as best as I can calculate it:

1) Euro-federalism will mean one language, one parliament, one queen, one anthem, one railway timetable, much cheaper cars and shorter working hours. Are we in favour? (Result. For: 96.7 per cent. Against: 3.3 per cent).

2) The Brussels bureaucrats, led by Jacques Delors, are calling for an outrageous increase in the EC budget, mainly so that they can donate great sacks of cash to indolent smaller members like Spain, Portugal, Greece and Ireland. Should we tell the bureaucrats to stop annoying us with such proposals? (For: 97.8 per cent. Against: 2.2 per cent).

3) Do we all agree that the Prince and Princess of Wales have had a wretched time at the hands of the media lately, and that about a dozen editors need locking-up? (For: 99.1 per cent. Against: 0.9 per cent).

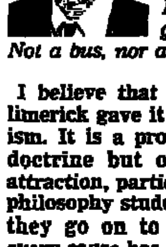
4) On the other hand, there is a widespread belief that Charles and Diana would not be in this pickle if Charles wasn't such a cold fish. Should he be told to lighten up? (For: 97.3 per cent. Against: 2.7 per cent).

5) Everyone hates the water companies. Shall we all hurl a saucepan of water out of our windows at 8pm tonight? (For: 99.9 per cent. Against: 0.1 per cent).

6) The England team at the European soccer finals in Sweden is arguing about whether to play five men forward or five men back. Should we fax the manager and tell him to play 10 men in the middle? (For: 94.9 per cent. Against: 5.1 per cent).

Changing trams on the Maastricht road

***Dominic Lawson** is determined to decide his own role in history*



THERE WAS a young man who said "damn!
It appears to me now that I am
Just a being which moves
In predestinate grooves
Not a bus, nor a train, but a tram."

I believe that the author of this limerick gave it the title Determinism. It is a profoundly depressing doctrine but one which has an attraction, particularly to first-year philosophy students. In many cases they go on to assert that since every cause has an effect it is possible to develop a story which will anticipate and predict the movement of this ineluctable tide in the affairs of men. This is sometimes called the march of history or, by the Marxists, historicism.

In a way, it is a marvellously invigorating doctrine, like any faith. If you know that capitalism is doomed, that it will be succeeded by socialism and the dictatorship of the proletariat, and that in turn will be succeeded by the heavenly state of perfect communism, then you have the tremendous power of certainty and the confidence that only comes from knowing that you are on the winning side.

That particular God has failed but there are others which have taken its place. Those who argue for a federal Europe, and ultimately a European super state, seem to me to have been similarly enthused and buoyed up by the idea that they are somehow being carried along by the tide of history, but the so-called "Euro-sceptics" are in the same unfortunate position as King Canute. (And King Canute at least endured his drenching to prove to his courtiers that he was not omnipotent).

Since most people lack the certainty of political faith, they are much swayed by those who have it. *I had the impression, when socialism* was the height of fashion, that even Conservatives felt that they were on the losing side of the history game and could only appease egalitarianism, not fight it.

Similarly, even those Conservatives who had absolutely no faith in the European ideal, let alone Euro-federalism, seemed cowed by the conviction of the experts that this was indeed the march of history, that Jacques Delors had a clearer understanding of the future role of Britain in Europe than the woolly-minded Britons themselves.

To say that the tide of history has turned, as a result of the Danish people's rejection of the Maastricht Treaty would be to make a similar mistake to that of the Euro-historicists. History itself has no independent tidal properties; there are only tides in men's opinions, which is nothing more or less than intellectual fashion. For intellectual fashion, we must await the judgment of the intellectuals, of the political avant garde. One such is George Walden, who caused a great stir in the House of Commons last week by telling his fellow Tory MP, John Major, that "the Maastricht Treaty was never wanted by this Government, this House or this country."

As Simon Heffer pointed out in The Spectator, this was the same Tory MP who wrote last November in an article entitled "Why in the end there is no choice at Maastricht" that: "a policy of national conceit" had led some into thinking that Britain could refuse to sign the Maastricht Treaty and that those who did not want it were "living in a world of their own fabrication, which resembles nothing so much as a mist-shrouded castle besieged by an army of Don Quixotes – they have taken leave of their senses".

There is need of a new political parlour game. Just as psephologists like to identify a constituencies as so marginal that to know its result is to know the way the country will move, so it should be possible to identify a Tory MP whose intellect is so marginal, so uncertain and so finely balanced that as it swings, so swings the Conservative Party. Various names spring to mind but it would spoil the game to name all the candidates here and now. And besides, I have a tram to catch.

■ *Dominic Lawson is editor of The Spectator*